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ABSTRACT

Hearings on the elimination of social security children's benefits for college students over age 18, as specified by the 1981 Omnibus Reconciliation Act, are presented. This provision eliminated benefits for children of retired, disabled, or deceased workers once the child reaches age 18 or finishes high school, effective for those not enrolled as a full-time student in a postsecondary school by May 1, 1982. Concerns are raised about whether present and potential beneficiaries who will be directly affected by the legislative change will be adequately informed of how the change affects them and whether they will be informed in sufficient time to allow them to effectively plan their future. Some attention is also directed to whether other federal student aid makes up for the losses in Social Security Administration (SSA) benefits. Testimonies are presented by Representatives of the U.S. Congress, officials of the Social Security Administration and the General Accounting Office, and representatives of professional associations. Sample SSA forms and other informational materials that provide explanations of the change in student benefits are presented, and the adequacy of the materials is discussed. (SW)

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IMPLEMENTATION OF 1981 RECONCILIATION ACT
REPEAL OF SOCIAL SECURITY STUDENT BENEFIT

HEARING

BEFORE THE

SUBCOMMITTEE ON SOCIAL SECURITY

OF THE

COMMITTEE ON WAYS AND MEANS

HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

SECOND SESSION

FEBRUARY 5, 1982

Serial 97–38

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IMPLEMENTATION OF 1981 RECONCILIATION ACT REPEAL OF SOCIAL SECURITY STUDENT BENEFIT

FRIDAY, FEBRUARY 5, 1982

House of Representatives,
Committee on Ways and Means,
Subcommittee on Social Security,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to notice, in room 1100, Longworth House Office Building, Hon. J. J. Pickle (chairman of the subcommittee) presiding.

[The press release announcing the hearing follows:]

[Press release of Friday, Jan. 29, 1982]

Implementation of the 1981 Reconciliation Act Repeal of the Social Security Student Benefit

The Honorable J. J. Pickle (D-Texas), Chairman of the Subcommittee on Social Security of the Committee on Ways and Means, U.S. House of Representatives, announced today that the Subcommittee will hold a hearing on Friday, February 5, 1982, beginning at 10:00 a.m. in Room 1100 of the Longworth House Office Building, on the implementation of the provision of the 1981 Omnibus Reconciliation Act that eliminated social security children's benefits for college students over age 18.

This provision eliminated benefits for children of retired, disabled, or deceased workers once the child reaches age 18 or finishes high school, effective for those not enrolled as a full-time student in a post-secondary school by May 1, 1982. Concerns have been raised about the timing of the provision, and the apparent lack of information about the provision available to those who will be affected by it. The hearing will focus on these concerns.

Commissioner of Social Security John A. Svahn, a witness for the General Accounting Office, and other invited witnesses will present testimony.

Chairman **Pickle.** The subcommittee will come to order, and we will ask all of those visiting with us this morning to have a seat, so we may proceed.

We have several witnesses scheduled this morning. The leadoff witness originally was to have been those with the Social Security Administration.

We have two Members of Congress who have asked to testify because they have meetings starting in just a few minutes.

The Chair is going to proceed with the committee hearing and at this point I will read an opening statement.

I have got a Texas-size statement here that will take a few minutes and others may be gathering, and you can get set for the hearing.

I will now make this the opening statement of the record.

For some years various organizations have recommended the elimination of the social security student benefit. These organizations have included the Government Accounting Office, the Congressional Budget Office, and the Ford, Carter, and Reagan administrations. The National Commission on social security recommended a partial reduction in these benefits.

The student benefit is actually a continuation of the child-survivor benefit in recognition of the fact that while the child is in college he or she is likely to maintain the same dependency status with the family as in high school. However, since the social security student benefit was passed in 1965, several other Government student assistance programs have been created.

It was this duplication more than anything else which suggested a need to review the necessity of the student benefit.

In reconciliation last year, the social security student benefit was eliminated—phased out over a 3-year period. The phase out approved in the law was less rapid than that requested by the Reagan administration, which wanted to end new entrants into the program as of August 1981, excluding from the program those who are right now freshman in college. It was more rapid than that approved by this committee, which wanted to protect both current freshmen and those who are now seniors in high school. As passed, the phaseout also will include a 25 percent annual reduction in benefits for those remaining in the program and will limit benefit payments to only 8 months a year, paying no benefits for May, June, July, and August.

The amendment became law last August, and the effects of the amendment will begin to be felt this May, when new entrants are cut off from the program.

Given the administration proposals to cut back both the student benefit and other student aid programs, Congressman James Shannon of Massachusetts in hearings before this subcommittee February 19, 1981, asked about the eventual availability of aid to students overall.

Health and Human Services Secretary Richard Schweiker answered, and I quote:

> I think you raise a good point, and I think this is true not only in the area that you mentioned, but I think some other areas. I think we are going to take a hard look at how this interaction works, and if you noticed there was a statement in the paper about the President contemplating forming Cabinet councils by certain groups. One of the proposals would include myself chairing a council, including education, for example, so we will have a vehicle to go back and look at whether we interact in a way we did not intend. I share your concern. There may be areas where the President and everyone else would want to look at those kinds of interaction, and I would certainly mark this as an area that we should look at to make sure that people do not fall through the cracks and get hurt by what we have done.

This member is very concerned that that overview has not been taken and that the administration is now facing us with more education cuts before we have had a chance to find out if the current programs can handle the influx that must come from the elimination of the social security benefits.

Although it is not totally within the jurisdiction of this subcommittee, any insight the witnesses can give us today on the effect of the cutbacks in other student aid programs on social security beneficiaries will be of use to this committee and this Congress.

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Although there have been changes in the social security law in the past affecting benefits, this is one of the few and one of the more dramatic changes which will affect both individuals already on the rolls—the students who will suffer a loss of summer benefits and a 25-percent annual reduction—and individuals who had anticipated receiving student benefits in the future. Notification of these individuals is vital, as many must make other arrangements for the financing of their education.

The Congress has not yet given direction to the SSA regarding notification of either those now in school or those who expected to receive these benefits in the future. What has been done the SSA has done on its own initiative. However, this is a large and important change which has been in effect since last August and it does require an agressive outreach effort. To date, the SSA has relied mainly on news articles and other general public relations tools. Official notification will not go to current students until the end of this month—which may be too late to apply for other forms of aid—and will not go to upcoming students until 5 months before they turn age 18.

Additionally, much attention had been given to the May cutoff date. It was the intent of the Senate and the Gramm-Latta authors, whose version of this amendment is now law, to cut off from the program those who are now seniors in high school. Therefore, the SSA has not been in a position to urge people to circumvent this deadline.

Nevertheless, I would hope we could have an aggressive program that will alert all affected families as soon as possible of the impending changes.

That completes the chairman's opening statement and we are going to proceed now to hear the various witnesses.

As I said a few minutes ago, we are going to ask that the Members of Congress be allowed to testify, because they have meetings starting in a few minutes.

We will ask you to summarize your statement so that we might have it for the record and for you to make any statement you wish. I will recognize first the Honorable Tom Downey, a Member of Congress from New York, and we are pleased to recognize you.

STATEMENT OF HON. THOMAS J. DOWNEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. DOWNEY. Thank you, Mr. Chairman.

I want to commend you for the prompt attention that you are giving this issue. I am delighted to see the eminent defender of the second amendment here as well, Mr. Martin, from North Carolina.

Mr. Chairman, I ask that my statement be considered as read and entered into the record.

Chairman PICKLE. The gentleman's statement will be included in the record.

Mr. DOWNEY. Mr. Chairman, I have been very active in this particular area, although not by design. As you know, I have not supported the President's efforts to cut the student benefit program and I am not excited at the notion that we are making it more difficult for people to go to college.

I think we should be making it easier, but the law is the law, and the question that we have to decide today is whether or not we can adequately inform these people of the programs elimination. It is clear that the high school students who are going to be eliminated from the roles have not been notified. We must determine the mechanical ways that notification can be done, if it can be done, and some alternative ideas if notification does not work.

A woman in my office had one of her children who was eligible for social security student benefits. She is a widow and she started doing some background research on the cuts. She also happens to handle social security for me.

She found that if her son during this high school year had completed high school by January, and was all set in college by May, he would, in fact, be eligible for benefits. Yet when she started calling social security offices in my congressional district, she found that she was getting three or four different answers from the Social Security Administration as to what, in fact, the law was and how an individual could qualify.

The Social Security Administration, in fairness to them since I am not trying to point any finger at them, had sent out notifications and brochures across the country.

The Administrator was not aware that the brochures erroneously talked about age 18 as the cutoff point.

There are some 200,000 students who fall under this category this year who will potentially lose benefits.

I am of the opinion, Mr. Chairman, that no matter what we do now, whether we call all of these individuals up personally or send them telegrams, it is not going to affect their status.

They are not going to be able to get enrolled in college as a full-time student by May 1982, simply because almost all college semesters have already begun this year. High school seniors are in the process of graduating or getting high schools to give them time to enroll in college by midsemester, or getting the colleges to accept them. Enrollment in college by May is a preposterous notion.

That is not going to happen. So anyone who suggests to you that somehow we can quickly notify these people is seriously misleading the committee.

You can quickly notify them, but it will do them no good.

What are the alternatives? I have introduced legislation, and others have too, to extend the cutoff point for these students from May to October 1982.

This would give adequate time for high school students who have not been adequately notified to enroll in college. Once again, I think it was clearly not the Congress intent not to notify these students.

If anything, absolute, complete, and clear information as to who is going to be qualified for what benefits is inherent in anything we do; so I think that the only choice that we have, frankly, is to extend the date for determining eligibility for the benefits through October 1982.

It is going to be profoundly expensive, and there is no question that that is an issue that we have to address.

The cost will be $245 million because there will be a whole new series of students who will be eligible for benefits that we might not have counted on being eligible. This is because, in my opinion, we decided not to notify them. But it is far better for us to err on the side of providing these students adequate notice and benefits through October than to just say, we are sorry, we did not send you the information, it is too bad, but the intent of Congress was to cut you all off.

That was not the intent. So, Mr. Chairman, I would urge you, and I know that you and the committee have wrestled with the problem of how to manage the financial difficulties of the Social Security Administration, to extend the deadline from May until October 1982. A number of things militate toward the notion that we should properly notify the people who are being cut off, yet we have not. Notions of equity and fairness dictate that these students not be summarily denied benefits.

If I can just read to you very quickly, one of a number of letters I had intended to read. I will not take too much of your time, but this letter is from a woman who is well educated, and who found out about the cut on October 1.

That was in 1981, and she attempted to amass the facts for herself by calling the Social Security office several times to get information. She now has a dossier of conflicting advice from that Administration as to what the law is.

She wrote this letter to me on January 24, 1982, and I dare say that the thousands of students out there are going to be in for a very rude shock come next September when they apply to college expecting to get the checks which will not be there.

That is not the way to build confidence in government. I would urge this committee to reconsider the effective cutoff date, because in lieu of changing that date, notification is not going to solve the problem that we are currently facing.

[The prepared statement follows:]

STATEMENT OF HON. THOMAS J. DOWNEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Dear Mr. Chairman, we all know what the budget cuts did to the social security student benefits program. Everyone in this room can probably recite the new eligibility requirements, cutoff dates, and benefit reduction rates backward. But the fact is, the students who are about to be hurt by this cut still don't know about it.

It has been argued that the "intent of Congress" in changing the law was to eliminate students from the rolls: and that therefore the fact that seniors in high school won't know until the last minute that they are no longer eligible for student benefits is OK. I disagree. Every citizen has a right to be fully informed of those changes in the law which directly affect him. This year's high school class has a right to be informed not only about the elimination of the program, but also about the means through which they might have retained their eligibility.

The purpose of this hearing is not to discuss the merit of the student benefit program. Rather, the question which demands to be addressed at this hearing is the Administration's delinquency in informing people of the changes in this program, and what Congress can now do about it.

This year's high school seniors are about to suffer a great injustice. These seniors have planned their college careers around the belief that they would retain social security student benefits while still in college. Because of poor notification procedures, approximately 200,000 students will be faced with the task of raising up to $2,400 at the last moment. Anyone who has been involved in paying for a postsecondary education will understand the difficult position these students have been put into through no fault of their own.

It is regrettable that I have to point a finger at someone, but I still do not fully understand why the Social Security Administration did not better inform the seniors of these cuts. Because I was aware of the need for timely action. I went ahead and notified all of the high school counselors in my district and every college and university in New York. I spoke on radio programs, and urged other Members of Congress to notify their own constituents. In short, I spoke to anyone about this that would listen to me.

Yet despite my efforts and those of my collegues, there remain hundreds of thousands of students who still have not been notified, or who have received misleading information. Local Social Security offices have distributed vague, and even incorrect, information because of a mistake made by the Social Security people in Baltimore. An unknown quantity of pamphlets which described last year's laws was distributed to their local offices. Although these pamphlets were ordered to be destroyed, they weren't—and now no one knows how many of them have been distributed. Further, little effort has been made to inform those student who might have received incorrect pamphlets.

Let me read an excerpt from a letter I received just last week from a widow with three children who has been trying, in vain, to find out whether or not she will be able to send her children to college. I quote:

"After I noticed a one-line mention in the New York Times of October 1, 1981, about the cuts, I attempted to get the facts for myself. In so doing, I have amassed the most amazing collection of letters and phone calls from local and regional Social Security offices which give conflicting and inaccurate information and which continue to answer questions of a specific nature with a booklet which doesn't address the matter clearly. The classic thus far is a letter from the northeast regional office correcting previously inaccurate information in completely bureaucratic jargon."

This woman wrote this letter on January 24, 1982—just 2 weeks ago—and she still has not received an adequate answer from the Social Security Administration.

But I don't want to harp on the question of who is to blame. I came here because I wanted to do something to help those students who are still uninformed of the drastic changes in their lives. Even if the Social Security Administration were to notify everyone who will be affected by tomorrow, it would still be too late for them to enroll in school. Stronger action is necessary to restore the American public's confidence in the integrity of their Federal Govenment.

To help this year's high school seniors, I have introduced a bill that would extend the deadline for eligibility from May 1982 to October 1982. Clearly, this will cost some money. However, I firmly believe that protecting the rights of American citizens cannot be prized too highly.

I hope that the subcommittee will support this bill.

Thank you.

Chairman PICKLE. I thank the gentleman.

The Chair would want to observe to the gentleman from New York, and to all others, that Mr. Downey has been probably in the forefront in protesting the cutoff of students from benefits starting this year, and I know he has been encouraging students to do everything possible to get registered by May 1.

Whether that is appropriate or not, or whether that is in agreement with the intent of the Gramm-Latta, it remains to be seen. I know it is not the feeling of the gentleman from New York that those students should have been cut off, so I recognize your keen interest, and you are probably in the forefront of all of those even now.

Do you have a bill number?

Mr. DOWNEY. I don't have a bill number, Mr. Chairman, but we have both an extension bill and a permanent notification requirement piece of legislation which I will be happy to furnish to this committee at a later date.

Chairman PICKLE. I wish you would. I would like to have it, and you say your costs were approximately what now?

Mr. DOWNEY. Well, the cost of extending the benefits, we have an estimate of, through October which implicitly means that all of these high school students would be eligible for 3 years, it is $245 million.

Chairman PICKLE. All right.

Mr. **Downey**. The Social Security Administration, by the way, is going to tell people, or tell you, that the cost of notification is upward of $7 million.

The Education and Labor Committee held hearings on this matter, and they estimated that the notification would cost about $300,000.

As I said before, we should certainly notify people. That is inherent in anything we do, but as I have now emphasized to you ad nauseam, the notification is not going to do the students any good because they will not be able to enroll in college. The vast majority of them are not going to be able to enroll in time to retain their student benefits.

Chairman **Pickle**. I agree with the gentleman, that the cost of sending out notices ought not be the paramount issue.

We will be hearing now from the Social Security Administration officials in just a minute.

Mr. **Downey**. When we have a bill number and there are others that have been introduced, do you have any feeling at this point whether or not the date could be extended from May to October?

Chairman **Pickle**. No, the Chair does not and this matter has not been brought to the committee, and we do not have a schedule agreed to by the chairman of the committee yet.

The purpose of this hearing is not to delve into the bills being introduced, whether we will extend or not, but primarily to get on the record what has the Social Security Administration done with respect to the bills passed, what do we expect them to do, and to get on the record all these facts such as you have just laid out to us.

Mr. Martin, do you have any questions?

Mr. **Martin**. No questions, Mr. Chairman.

I appreciate your letting me sit with the subcommittee.

Chairman **Pickle**. Well, we are pleased to have you. We will be seeing you again soon, Mr. Downey.

Congressman Solomon of New York will come forward and we will be glad to hear from him.

You have introduced a bill which is H.R. 5357.

We would be pleased to hear from you.

Both of you are from New York.

STATEMENT OF HON. GERALD B. SOLOMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. **Solomon**. Thank you, Mr. Chairman, and distinguished members of the committee for providing me with the opportunity to address their joint hearing on an issue of great importance and urgency.

I will be brief in my remarks this morning, as I am certain we are all aware of the immediate impact of the phase out of the social security educational benefits program upon this year's high school senior class.

I have a sheet of information, Mr. Chairman. I won't bother reading it into the record, but I would ask that my statement be considered for the record.

Chairman PICKLE. It will be included in the record in its entirety, Mr. Solomon.

Mr. SOLOMON. Let me preface my remarks by saying that I do not make a habit of coming before any committees and asking the committees to spend more money.

I am considered a Reaganite who supported the administration's proposal almost down the line, but with the passage of the Budget Reconciliation Act last summer the Congress agreed to phase out the postsecondary education benefits program administered by the Social Security Administration, for an estimated total savings of $2.3 billion. Those students who would otherwise have been eligible to participate in the program will not qualify for eligibility unless they are enrolled in and attending classes as full-time students at a postsecondary education institution before May 1 of this year. And that is why you are holding this hearing today.

My purpose in appearing before you here today is not to debate the merits of our decision of last summer, but merely to report on the current situation with respect to our Nation's high school classes of 1982, and to urge the committee's favorable consideration of legislation I have introduced to alleviate this problem.

An estimated 100,000 to 150,000 high school seniors are affected by this change in eligibility for social security education benefits, and because of this large number, one might understandably assume that the Social Security Administration would take every step necessary to inform these students of the impending phase out of the program many of them had been counting upon to attend college. However, this unfortunately is not the case.

During the January congressional recess, my district offices received many calls from students, parents, and high school guidance counselors who were shocked to learn only in January of a major change in the social security laws enacted several months earlier.

In virtually no case had information about these eligibility changes been issued by the Social Security Administration in the form of official notification, but rather word of mouth had alerted them to the phasing out of the program.

In some cases, even the employees of local Social Security offices were not fully informed of the nature of these changes, and much misleading information was passed along to bewildered and confused students and school officials. The negligence on the part of the Social Security Administration in not properly notifying affected individuals about these changes is incomprehensive.

Even though it may have been unintentional, even without official notification, word gradually spread informing frightened high school seniors that unless they were attending college classes as full-time students by May 1, their social security education benefits would disappear.

Nearly every high school in my home State of New York holds commencement exercises in late June; obviously, the May 1 deadline would prevent these students from participating in the program.

After a series of meetings I conducted with many high school and college officials, the true impact of this lack of timely notification was apparent. Many seniors were dropping out of high school and enrolling in joint programs in local community colleges. The sharp increase in requests for early admissions and a rapidly escalating dropout rate among high school seniors were events for which neither high school counselors nor college admissions officials were even remotely prepared.

Two days ago, I testified before two House education subcommittees on this matter. Nearly all of the members of the subcommittees present at that joint hearing indicated that a great many students in their home States are also greatly alarmed by the May 1 eligibility deadline. The large number of telephone calls my office has received from similarly situated individuals from all across the Nation has served to underscore the national impact of this rapidly approaching deadline.

On January 26, I introduced legislation (H.R. 5357) to address this immediate problem—legislation which is now before this committee.

This legislation works within the basic fiscal parameters of the Budget Reconciliation Act, and was drafted with the concerns of the students as well as education officials in mind. H.R. 5357 would simply postpone the eligibility deadline for these social security education benefits for an additional 61 days—until July 1, 1982. This course of action would alleviate much of the existing confusion by providing ample time for seniors who only learned of these eligibility changes very recently to graduate with their classmates and properly enroll in a college summer session study program in order to protect their eligibility.

Estimates of the cost associated with the passage of H.R. 5357 indicate—and I would point this out to the committee because it is important—a maximum cost factor of $245 million for the entire 4-year period, and this estimate is based on the rather implausible assumption that all potential eligibles are able to meet this July 1 deadline.

In light of the pending May 1 deadline, I urge the members of the committee to act upon my proposal as soon as possible.

Thank you once again.

Mr. Downey recommended an extension of time to October 1, but we are talking about a fiscal impact by changing the date of July 1 of a maximum of $245 million.

If we were to extend that date of October 1, we would be opening up the possible use of this program to the entire graduating class of 1983, not 1982. So you would be in effect doubling the fiscal impact of the legislation by changing that date to October.

I think when you look at the maximum impact of $245 million, realistically we could expect less than half of those eligible students presently eligible for those benefits to matriculate in college, therefore, you are talking about perhaps half of that $245 million and spread over a period of 4 years, you are talking about an average fiscal impact of perhaps $25 million to $30 million.

I have four children in college, none of which take advantage of these benefits, but I do know the problems students have in saving money to go to college.

If these students had known about this cutoff with sufficient time, they could have been working. They could have worked this summer and could have gone ahead and matriculated for the fall semester.

We in Government are responsible for not having given these students the proper notification which is why I personally am so concerned about it because I have supported the cutoff of this program and I still do.

We owe it to these students simply because of our intentional or unintentional negligence in extending this date.

My bill simply extends the date and makes no other provision. However, under my bill by extending the date, it means these students would have to enroll in a summer full-time course and actually be attending full time, and I would think perhaps for those students who were not able to or were interested in going to a summer curriculum that we might also add an amendment to my bill which would say that they were enrolled and must attend for the fall semester in order to be eligible for these benefits.

Mr. Chairman, I really do appreciate the opportunity to appear before your committee and I do hope that you will give this strong consideration, and I will again do everything I can to see that the administration would support something similar to the proposal that I have offered and I feel very confident that we will be able to obtain their support.

[The prepared statement follows:]

STATEMENT OF HON. GERALD B. SOLOMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Thank you, distinguished committee members, for providing me with the opportunity to address this joint hearing on an issue of great importance and urgency.

I will be brief in my remarks this morning, as I am certain we are all aware of the immediate impact of the phase out of the social security educational benefits program upon this year's high school senior class.

With the passage of the Budget Reconciliation Act last summer, the Congress agreed to phase out the postsecondary education benefits program administered by the Social Security Administration, for an estimated total savings of $2.3 billion. Those students who would otherwise have been eligible to participate in the program will not qualify for eligibility unless they are enrolled in and attending classes as full time students at a postsecondary education institution before May 1 of this year. My purpose in appearing before you here today is not to debate the merits of our decision of last summer, but merely to report on the current situation with respect to our Nation's high school classes of 1982, and to urge the committee's favorable consideration of legislation I have introduced to alleviate this problem.

An estimated 100,000 to 150,000 high school seniors are affected by this change in eligibility for social security education benefits, and because of this large number, one might understandably assume that the Social Security Administration would take every step necessary to inform these students of the impending phase out of the program many of them had been counting upon to attend college. However, this unfortunately is not the case.

During the January congressional recess, my district offices received many calls from students, parents, and high school guidance counselors who were shocked to learn only in January of a major change in the social security laws enacted several months earlier. In virtually no case had information about these eligibility changes been issued by the Social Security Administration in the form of official notification, but rather word of mouth had altered them to the phasing out of the program. In some cases, even the employees of local social security offices were not fully informed of the nature of these changes, and much misleading information was passed along to bewildered and confused students and school officials. The negligence on the part of the Social Security Administration in not properly notifying affected individuals about these changes is incomprehensible.

Even without official notification, word gradually spread informing frightened high school seniors that unless they were attending college classes as full time students by May 1, their social security education benefits would disappear.

Nearly every high school in my home State of New York holds commencement exercises in late June; obviously, the May 1 deadline would prevent these students from participating in the program.

After a series of meetings I conducted with many high school and college officials, the true impact of this lack of timely notification was apparent. Many seniors were dropping out of high school and enrolling in joint programs in local community colleges. The sharp increase in requests for early admissions and a rapidly escalating drop out rate among high school seniors were events for which neither high school counselors nor college admissions officials were even remotely prepared.

Two days ago, I testified before two House education subcommittees on this matter. Nearly all of the members of the subcommittees present at that joint hearing indicated that a great many students in their home States are also greatly alarmed by the May 1 eligibility deadline. The large number of telephone calls my office has received from similarly situated individuals from all across the Nation has served to underscore the national impact of this rapidly approaching deadline.

On January 26, I introduced legislation (H.R. 5357) to address this immediate problem—legislation which is now before this committee.

This legislation works within the basic fiscal parameters of the Budget Reconciliation Act, and was drafted with the concerns of students as well as education officials in mind. H.R. 5357 would simply postpone the eligibility deadline for these social security education benefits for an additional 61 days—until July 1, 1982. This course of action would alleviate much of the existing confusion by providing ample time for seniors who only learned of these eligibility changes very recently to graduate with their classmates and properly enroll in a college summer session study program in order to protect their eligibility.

Estimates of the cost associated with the passage of H.R. 5357 indicate a maximum cost factor of $245 million for the entire 4-year period, and this estimate is based on the rather implausible assumption that all potential eligibles are able to meet this July 1 deadline.

In light of the impending May 1 deadline, I urge the members of the committee to act upon my proposal as soon as possible.

Thank you once again.

Chairman **Pickle**. I am very impressed with your concluding statement, Mr. Solomon, when you say you are encouraged that they would agree to this change. Have you talked to someone in the administration? Are you led to believe by virtue of conversation that they would commit themselves to extending this to July?

Mr. **Solomon**. Mr. Chairman, as I mentioned before, I have been a very strong supporter of the administration and sit well with them, if that is what you want to say.

I have talked to a number of people and let them know my concerns, and I get the feeling, without getting any specific affirmative answer, that we could look to the support.

I don't think that we could, if we were trying to reinstate the program, I don't think we could gain the support if we were to include the graduating class of 1983 which would happen if we simply extended the date from May 1 to October 1, but if we had a bill which would guarantee these students of the graduating class of 1982 that they could be eligible for the benefits for the fall semester, I think we could look to their support.

Chairman **Pickle**. As you know, Mr. Solomon, and we will go into this in greater detail at another hearing, but as a matter of review, the administration originally had recommended to the Congress to cut off the student benefits, all of them, as of August 1, or August in 1981, all of them.

This subcommittee had recommended in an effort to try to accommodate the administration to save some funds that we could phase out the student benefit program over a period of 6 years, including the 4 years of those in college at this time and juniors and seniors, so that in all fairness we would give sufficient notice to parents and they could plan.

It was not successful because this amendment was passed in the Senate and Gramm-Latta prevailed later, and that is the present situation now.

It is difficult for me to see that the administration would now have a change of heart, and say that we would be willing to consider postponing the date and roll it back to July 1 instead of May 1, in view of their earlier recommendation that they are cutting it all off in 1981, but if you have had conversations with them, and I know you have received an affirmative action, I assume a nod or head shake or something.

Can you tell me more? We have got to determine, do we want to get into the budget aspect of it, and we will be hearing from the SSA witnesses, and I hope you can stay and hear them.

The immediate thing we must do is to have it handled, and look to the future and see what we can determine.

If you could give me some information as we go along, who you talk to, it would be very important to this committee.

Mr. SOLOMON. Mr. Chairman, you know, the administration was interested in cutting off the program entirely in one fell swoop, did compromise to the phaseout of 25 percent over the period of time, so that they were interested in compromising, and I don't think that the administration was aware of how this was handled by the Social Security Administration, and I don't mean to really point too much of a finger at them, but it was mishandled, and the administration will certainly take that into consideration.

If the administration, and face it, the Social Security Administration is a part of the administration, if they have erred, then the administration is certainly interested in correcting an error.

I will stay as long as I can.

Chairman PICKLE. I thank you.

Mr. SOLOMON. I thank the chairman.

Mr. JACOBS. The chairman has already indicated to you what the position of this subcommittee has been with respect to that subject, that it might be somewhat less cold blooded if this program were to be phased out, to phase it out in such a manner as to give sufficient notice for families to make other plans, because there is a doctrine, I believe, in the law called "detrimental reliance," and the Government, particularly in the case of the social security system, would like to at least feign some sort of quasi contractual relationship with the people who pay the social security taxes.

My question is in a general nature. On reflection, do you think that these omnibus reconciliation approaches are a wise way to proceed to legislate, particularly in the case of the Gramm-Latta vehicle last summer which I believe a member of our committee, Mr. Jenkins, criticized during debate and held up his family Bible and said, "This is the only document that I will take on faith."

There were not very many people in the House who knew what was in the vehicle, were there? It was taken on faith.

Mr. SOLOMON. It was taken on faith, and unfortunately the Congress does move very slowly.

Sometimes it can be helpful or a great hinderance, but considering the fiscal restraints that we are under today, I think it was necessary. I supported the Gramm-Latta Reconciliation Act as many members of this committee did, and I think it was necessary and it has us heading in the right direction.

Now, I would not prefer to see us do it that way, but on the other hand, when you run as late in the session as we have, and we really have not done our job, then perhaps it might be the only way.

Mr. JACOBS. How late in the session was it when we passed that? Wasn't that July?

Mr. SOLOMON. Yes.

Mr. JACOBS. Not terribly late in the session.

Wasn't that the vehicle that they passed a young woman's name and phone number as part of the law in the House?

They didn't even notice that was there. I read that in the newspaper.

Mr. SOLOMON. I remember reading something about that.

Mr. JACOBS. It seems to me there is rather clearly some pork in the poke that the House swallowed on faith.

It might lead to jibes, that the Congress does not notice what it was doing, because Congress did not know what it was doing when it passed that bill.

As I recall, the House measure knocked out all the U.S. weather stations from coast to coast.

Did you know that?

Mr. SOLOMON. Yes, I did.

Mr. JACOBS. Maybe it is best to look before you leap and wise legislation is the product of those who are informed rather than taken on faith.

I think that the gentleman has made a useful contribution. There will be more rejoicing when one sinner repents, and I respect you for coming here and doing just that.

Mr. SOLOMON. Thank you.

Chairman PICKLE. The Chair now would ask the representatives from the Social Security Administration to come forward, Mr. Paul Simmons, and Mr. Elliot Kirschbaum, and any others.

Mr. Simmons is the Deputy Commissioner for External Affairs and I presume he is accompanied by Mr. Elliot Kirschbaum, who is the Deputy Associate Commissioner for Operational Policy and Procedure.

I see you have Mr. Sabatini with you.

STATEMENT OF PAUL B. SIMMONS, DEPUTY COMMISSIONER FOR EXTERNAL AFFAIRS, SOCIAL SECURITY ADMINISTRATION, ACCOMPANIED BY ELLIOT KIRSCHBAUM, DEPUTY ASSOCIATE COMMISSIONER FOR OPERATIONAL POLICY AND PROCEDURES; NELSON SABATINI, EXECUTIVE ASSISTANT TO THE COMMISSIONER; AND GILBERT C. FISHER, DIRECTOR, OFFICE OF INFORMATION

Mr. SIMMONS. I am also accompanied by Gilbert Fisher, who is the Director of our Office of Information, and he can answer any questions on the technicalities of the kinds of things that we have done.

I would like to summarize the formal statement that I have and skip over some parts of it, but enter it for the record.

Chairman PICKLE. Mr. Simmons, you don't have a long statement. You may follow it if you wish.

Mr. SIMMONS. As you pointed out in your statement, sir, there were few student aid programs available when social security student benefits were first provided in 1965, and as the Senate Finance Committee pointed out in its report on the Omnibus Reconciliation Act bill, at that time there were probably fewer than $300 million in Federal money out there, in spite of it being the post-Sputnik era.

Now, there are more than $7 billion out there which in turn is generating more than $20 billion in other forms of student aid.

I am no expert on the other education programs and for that I would refer you to the General Accounting Office and the relevant committees of the Congress, but there is a considerable growth in benefits, and those are in the means tested programs which are aimed at helping those who truly need the money to find money in order to finance higher education.

Since 1965, there has also been erected in this Nation a network of relatively low cost community colleges. In recognition of all of these programs, and of the fact that the social security student benefit was not efficiently targeted towards students needing financial assistance and in recognition of the growing problem with the trust funds in the mid-1970's, three Presidents have tried to eliminate the student benefit or phase it out.

The Ford administration proposed phasing out student benefits as part of its budget for fiscal years 1977 and 1978, and in 1978 and 1979 the Carter administration also offered a similar proposal. In 1981 the Reagan administration proposed this move and the Congress finally agreed to the principle. Both the House of Representatives and the Senate passed provisions in 1981 as part of the budget reconciliation process.

The Reagan administration proposed phasing out the benefit for the same reason that the two previous administrations proposed phasing it out, and while other fundamental reforms are going to be needed to provide for the longer term solvency of the social security system, enactment will result in significant savings and better management of the program.

When the social security student benefits program was added in 1965, the old age and survivors insurance trust fund had more than a 100 percent reserve ratio on hand at the beginning of the year. At the beginning of 1982, the reserve ratio for that one trust fund, which is the biggest of the trust funds, is now down to 15 percent, barely a month and a half's benefits, excluding the possible effects of interfund borrowing.

The OASI and DI trust funds combined last year had a deficit of a little less than $2 billion. If Congress had phased out the student benefit back when President Ford suggested it—or when President Carter suggested it—that deficit would probably have been nearly eliminated.

The enactment of Public Law 97-123 last December restored the minimum benefit for people eligible for social security before January 1982, and, beginning January 1, 1982, covered the first 6 months of sick pay as wages. The combined effect of these two provisions is an estimated net loss to the trust funds of about $1.9 billion to $2.6 billion for the period calendar years 1982-86.

We are living close to the edge on those trust funds.

The student benefit phaseout provision, as it now stands, is expected to save approximately $10 billion in the calendar years 1982 through 1986. This year alone, according to our estimates now, this should reduce our deficit by $915 million.

We have heard very little criticism of the phaseout provision since its passage in August. However, in recent weeks questions have been raised about the adequacy of SSA's efforts to notify beneficiaries affected by the phaseout. The fact of the matter is that we have made extraordinary efforts to publicize the social security provisions of the Omnibus Budget Reconciliation Act of 1981.

It is also important to keep in mind that newspapers across the country gave a great deal of coverage to the reconciliation process at all stages, reporting all the major social security provisions both during their congressional consideration and when the bill was signed by President Reagan. Even though there was no specific requirement from the Congress that SSA do so, we have conducted a nationwide public information campaign to alert the public of changes in the law.

We are doing what we always do to acquaint people with changes in the benefit structure, and in this case I think we have done a little more than that.

Our public information campaign has included revising and distributing through local social security offices 4 million leaflets containing explanations of the student benefit changes, distribution as early as September to our district offices throughout the country of news releases, radio announcements, draft articles and news columns for distribution to local newspapers, radio and television stations. Since September a monthly newsletter to 5,000 groups and organizations, including many in the field of education, has carried a number of stories on the student benefit change.

If there is any high school counselor who does not know about this, then he is not reading his mail.

In addition, we are continuing our normal practice of contacting all child beneficiaries 5 months before their 18th birthday to find out if they plan to continue in school; at the time of that contact, the students are informed of the changes in the law. In 3 weeks we will be sending to all student beneficiaries aged 18 and over direct notification of the changes in the law as part of our annual school attendance reporting process.

I would like to interpolate here. In the hearing 2 days ago, the committee found, as we had found earlier in the week, that we made a mistake apparently in two of our program service centers and had been sending out some outdated pamphlets.

To correct that mistake, which would probably affect fewer than 100,000 of these 18-year-old students, we decided last night—and I talked to the Commissioner last night—he agreed to a special printing of the student benefit pamphlet, a total of 800,000. When the normal notification goes out, each one of those students will be getting the pamphlet and by doing that we hope to correct the problem that we have inadvertently created.

There will be 800,000 of these pamphlets going out to all students at the end of this month.

Chairman **Pickle**. To all districts through the United States.

Mr. **Simmons**. Yes, even though the mistake was confined to two program service centers, we believe, and possibly a little bit of a third. Students should be receiving them at the latest probably by the middle of the second week in March.

Several practical considerations weighed against either sending check stuffers or separate notices to potentially affected beneficiaries. For example, mechanical limitations at the Treasury Department limit us to two-sided check stuffers that are only the size of the checks and must be sent to all 36 million beneficiaries, not just a select group. This simple check stuffer would cost, including the cost of mailing to 12 million direct deposit beneficiaries, about $1 million in direct printing and mailing costs.

Since there would not be enough space on such a stuffer to provide adequate information, needless alarm would be caused for social security beneficiaries, with the likely result that both social security offices and congressional offices would have been swamped with questions and complaints.

Chairman **Pickle**. You would get a lot of phone calls to try to get information. Is that bad?

Mr. **Simmons**. You are trying for a target population of 200,000 and what you are reaching are 36 million, many of whom become confused.

We had an incident like that with a certain political party committee which has been sending out a brown envelope saying "Important Social Security Notice Enclosed," and people open it up and find out it is a fund raising letter and call up the district office anyway and wonder: "Why is the government sending me this?"

Many among our population, the beneficiaries, are not sophisticated or otherwise up to date with current events, et cetera, and when they see this, the first thing they think is, there is a problem with their check or their account.

We anticipated some problem when the Treasury did a simple thing like change the color on the back of their check.

There are people out there who just do not understand.

Chairman **Pickle**. Go ahead with your statement.

Mr. **Simmons**. A separate mailing of leaflets to all beneficiaries, on the other hand, would have taken over 2 months and cost about $7 million to accomplish. Aside from questions of whether such kinds of undertakings would be appropriate without specific congressional authorization, the limitations of funds, staffing, and computer capacity already make it difficult for SSA to implement all of the changes recently enacted in SSA programs.

Finally, our records do not contain enough information to target a separate mailing any earlier than we are doing to high school seniors who are beneficiaries.

While recent criticisms suggest that SSA has not done enough to notify students of the changes in the law, I would submit that the reactions we in SSA and you in the Congress have received prove the opposite. On the contrary, the message has been heard loud and clear.

At this point I would like to stress that we have got to put this matter in perspective. The situation with the trust funds is critical. After 6 years of considering the issue, Congress has now changed a policy that has been in effect only 17 years and which affects only a few hundred thousand people, who have other sources of aid to turn to if they truly need money. They have done this in order to help to preserve the social security system itself which has been in effect for 47 years, and which affects 36 million people, many of whom have no other sources to turn to.

Mr. Chairman, we believe that the provision enacted as part of the 1981 Reconciliation Act is a reasonable one and that SSA has made and is continuing to make every reasonable effort to get the word out to people who are affected by it. With your permission, I would like to enter into the record along with this statement, letters concerning these student benefit issues from Chairman Rostenkowski of the Committee on Ways and Means and Mr. Pickle, chairman of the Social Security Subcommittee, and a memorandum detailing the savings under the Omnibus Budget Reconciliation Act of 1981 as enacted.

[The prepared statement follows:]

STATEMENT OF PAUL B. SIMMONS, DEPUTY COMMISSIONER FOR EXTERNAL AFFAIRS, SOCIAL SECURITY ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Mr. Chairman and members of the committee, I want to thank you for this opportunity to submit a statement about the phase-out of the Social Security student benefits program, enacted into law as part of the 1981 Omnibus budget Reconciliation Act last August 13, 1981.

In 1965, Social Security benefits were added for children age 18–22 of retired, disabled, or deceased workers if the children were full-time students at an educational institution. Student benefits were provided on the presumption that a student age 18–22 is dependent on his or her parent for support and loses a source of support when the parent retires, becomes disabled, or dies. Like other Social Security benefits, student benefits are paid regardless of individual need, with the level of benefits related to the parent's past earnings.

In December 1981, about 761,000 children received Social Security student benefits. Approximately $2 billion was paid to student beneficiaries in fiscal year 1980.

Serious questions have been posed for a number of years regarding the growth and lack of coordination of benefit programs for students, particularly whether it is necessary for the Social Security program to help finance postsecondary education. Few student aid programs were available when Social Security student benefits were provided in 1965. Since then, other public programs have been enacted or substantially expanded to provide financial assistance for students. These programs more directly relate student assistance to family income and educational cost. For example, the Pell Grant program (formerly Basic Educational Opportunity Grant Program (BEOG)), provides aid to needy students, and Federal loans are available to other eligible students at low interest rates. As this committee knows, in addition to the Federal funds, there are also several billion dollars available for students from State-sponsored scholarships and low-income supplements as well as from private lending institutions. There is also an extensive network of relatively low cost community colleges.

In recognition of the fact that Social Security student benefits were not efficiently targeted toward students needing financial assistance and in light of the growth of education aid program in the late 60's and early 70's, the Ford Administration proposed phasing out student benefits as part of its budgets for fiscal years 1977 and 1978. In 1978 and 1979, the Carter Administration offered a similar proposal to phase out the student benefits program. In 1981, the Reagan Administration proposed that the student benefits program be phased-out.

Both the House of Representatives and Senate passed provisions in 1981, as part of the budget reconciliation process, to phase out the program.

The Reagan Administration proposed phasing out Social Security student benefits to help restore the fiscal soundness of the Social Security system. While other fundamental program reforms will be needed to provide for the longer term solvency of Social Security, enactment of the Administration's proposals will result in significant savings and better management. It is important to note that when the Social Security student benefits program was added in 1965, the Old-Age and Survivor's Insurance Trust Fund had more than a 100 percent reserve ratio. (The reserve ratio is the projected assets of the trust funds compared to the expected outgo.) At the beginning of 1982, however, the reserve ratio for the OASI Trust Fund was only 13 percent, excluding the possible effects of interfund borrowing, under II-B Assumptions in the 1981 Trustees Report. The enactment of P.L. 97-123, restoring the minimum benefit for people eligible for Social Security before January 1982, will add about $1.9 to $2.6 billion to trust fund expenditures for calendar years 1982-1986 above those projected after the Reconciliation Act was passed. The student benefit phase-out provision is expected to save approximately $10 billion in the calendar years 1982-1986.

We have heard very little criticism of the phase-out provision since its passage in August. However, in recent weeks questions have been raised about the adequacy of SSA's efforts to notify beneficiaries affected by the phase-out. The fact of the matter is that we have made extraordinary efforts to publicize the Social Security provisions of the Omnibus Budget Reconcilation Act of 1981. It is also important to keep in mind that newspapers across the country gave a great deal of coverage to the reconciliation process at all stages, reporting all the major Social Security provisions both during their congressional consideration and when the bill was signed by President Reagan. Even though there was no specific requirement from the Congress that SSA do so we have conducted a nationwide public information campaign to alert the public of changes in the law.

Our public information campaign has included revising and distributing through local Social Security offices four million leaflets containing explanations of the student benefit changes, distribution as early as September to our district offices throughout the country of news releases, radio announcements, draft articles and news columns for distribution to local newspapers, radio and television stations. Since September a monthly newsletter to 5,000 large groups and organizations, including many in the field of education, has carried a number of stories on the student benefit change. In addition, we are continuing our normal practice of contacting all child beneficiaries 5 months before their 18th birthday to find out if they plan to continue in school; at the time of that contact, the students are informed of the changes in the law. In 3 weeks we will be sending to all student beneficiaries aged 18 and over direct notification of the changes in the law as part of our annual school attendance reporting process.

Several practical considerations weighed against either sending check stuffers or separate notices to potentially affected beneficiares. For example, mechanical limitations at the Treasury Department limit us to two-sided check stuffers that are only the size of the checks and must be sent to all 36 million beneficiaries, not just a select group. (This simple check stuffer would cost, including the cost of mailing to direct deposit beneficiaries, about $1 million in direct printing and mailing costs.) Since there would not be enough space on such a stuffer to provide adequate information, needless alarm would be caused for Social Security beneficiaries, with the likely result that both Social Security offices and congressional offices would have been swamped with questions and complaints.

A separate mailing of leaflets to all beneficiaries, on the other hand, would have taken over 2 months and cost about $7 million to accomplish. Aside from questions of whether such kinds of undertakings would be appropriate without specific congressional authorization, the limitations of funds, staffing, and computer capacity already make it difficult for SSA to implement all of the changes recently enacted in SSA programs. Finally, our records do not contain enough information to target a separate mailing any earlier than we are doing to high school seniors who are beneficiaries.

While recent criticisms suggest that SSA has not done enough to notify students of the changes in the law, I would submit that the reactions we in SSA and you in the Congress have received prove the opposite. On the contrary, the message has been heard loud and clear. Perhaps what we are hearing is not so much about a lack of notification as it is about the understandable proglems of adjusting to difficult but necessary changes in the law. As I reviewed in the earlier part of my statement, there was a need to phase out nonessential elements of the Social Security program and a great deal of discussion in committee hearings about the impact of cutbacks on the beneficiary population and the alternative sources of help. The Congress, in fact, extended the cut off date from the originally proposed august 1981 date to May 1982 specifically to protect high school students who were just completing their senior year.

Mr. Chairman, we believe that the provision enacted as part of the 1981 Reconciliation Act is a reasonable one and that SSA has made and is continuing to make every reasonable effort to get the word out to people who are affected by it. With your permission, I would like to enter into the record along with this statement letters concerning these student benefit issues from Chairman Rostenkowski of the Committee on Ways and means and Mr. Pickle, Chairman of the Social Security Subcommittee and a memorandum detailing the savings under the Omnibus Budget Reconciliation Act of 1981 as enacted.

COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON SOCIAL SECURITY,
Washington, D.C., January 22, 1982.

Hon. JOHN SVAHN,
Commissioner of Social Security,
Hubert H. Humphrey Building, Washington, D.C.

DEAR JACK: As you are well aware, much furor is currently being raised over the May cutoff for new entrants into the social security student benefit program, a date which will effectively preclude this year's high school seniors from the program.

I do not join in the charges that the Social Security Administration has been remiss in not encouraging high school seniors to enter college early in order to circumvent the deadline. It is my understanding that the Senate Finance Committee and the Gramm-Latta amendments intended to exclude this year's seniors. I would hope some needy students will be able to make the deadline, but I have to recognize the number is not likely to be large under the best of circumstances.

However, I am concerned that information about the impending changes will reach many current college students too late to apply for other financial aid. And I am concerned that future college students will not find out about the change until shortly before their 18th birthday.

Members of your staff have furnished me with copies of brochures and press releases which the Social Security Administration has been using to publicize the changes, and in general I have found them straightforward and factual. In the next few weeks I would urge you to redouble these efforts to get the word to affected individuals so they may have as much time as possible to adjust.

I understand all current students will be individually notified of the changes on their annual report forms the end of February or first of March. I ask that you explore avenues to notify in the immediate future all children beneficiaries now on the rolls and who would have been included in the program in the future under prior law. I would appreciate knowing as soon as possible what avenues we could follow to accomplish this.

While I recognize it is not normal practice to notify individuals of all changes in the social security law, many families receiving childrens' benefits were told upon entering the program that post-secondary student benefits would be available, and families have planned their finances accordingly. They need as much notice as possible for this change.

Finally, remembering that the original Administration proposal would have ended new entrants into the student program as of last August, the month budget reconciliation became law, I hope that we can work together in the future to provide considerably longer lead times for any changes affecting beneficiaries. I have found the abruptness of this change both disruptive to individuals and damaging to confidence in the social security program.

With best wishes, I am

Sincerely

J. J. PICKLE, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, D.C., January 19, 1982.

Mr. JOHN P. MALLAN,
Vice President, Governmental Relations, American Association of State Colleges & Universities, Washington, D.C.

DEAR MR. MALLAN: This is in response to your December 28, 1981 letter relating to the phasing out of social security benefits for students.

I agree with you on the importance of informing people concerning how they will be affected by changes in the social security program. I also believe, however, that there are limitations on the capabilities of government agencies to broadcast information of this nature.

The provision in the Omnibus Reconciliation Act of 1981 phasing out student social security benefits was one of numerous provisions contained in the same legislation cutting back on eligibility for benefits under many Federal programs, including social security. Other social security benefits that were curtailed by this same legislation included the social security minimum benefit, the lump sum death payment, parents' benefits, the first month of entitlement and several others. These provisions had a variety of effective dates, some as early as the month of enactment. It is significant that out of all of these provisions, there was a legislative direction, in the form of a statement by the conference committee, requiring that individualized notifications be sent to beneficiaries only in connection with the elimination of the social security minimum benefit for current beneficiaries.

So far as the specific provisions of the legislation terminating student benefits are concerned, I would like to point out that the Committee on Ways and Means reported to the Budget Committee a very different provision than the one that was enacted. The original Administration proposal on this issue would have eliminated students' benefits for any child who had not received a student's benefit by August 1981. The provision that the Committee on Ways and Means reported to the Budget Committee would have not have begun the cut off of students' benefits until January 1983. The principal effect of this would have been to protect children who were high school juniors and seniors last spring from the elimination of student benefits. The provision that was enacted was drafted by the Senate Finance Committee and was substituted for the Ways and Means Committee provision as part of the Gramm-Latta amendment to the reconciliation bill. Thus there was no opportunity to amend this provision in the conference committee on the reconciliation amendments.

I have had an opportunity to examine the information prepared by the Social Security Administration describing the legislation curtailing students' benefits. These include panphlets dated August 1981, press releases, information bulletins, spot radio and television announcements for local use and materials for use in local newspaper articles. These materials appear to me to be accurate in describing the changes enacted.

While it could be argued that SSA could have gone farther than it has in notifying families with child beneficiaries concerning the curtailment in students' benefits, the question remains what action could SSA take in the near future to further inform such families of these changes. I am not certain of the answer to this question. However, I have written to the Commissioner of Social Security to request that he consider the possibility of including a description of the changes in student benefits at the earliest time it could be sent out with monthly benefit checks to families with children. (Copy enclosed.) [Omitted.]

With warm regards, I am

Sincerely yours,

DAN ROSTENKOWSKI, *Chairman.*

[Memorandum, Dec 17, 1981]

From: Roger Hicks, Office of the Actuary.
Subject: Effect of Public Law 97-35 on student's benefits.

1. *Number affected.*—At the end of September 1982, an estimated 650,000 students, who would have been receiving student's benefits under old law, will either (a) not be receiving such benefits or (b) be receiving smaller benefits.

About 40,000 high school students are included in the 650,000 estimate. Most of these are high school seniors.

2. *Dollar savings.*— The estimated amounts of reduction in OASDI benefit payments resulting from phasing out postsecondary student's benefits (section 2210 of P.L. 97-35) are shown below. The estimates are based on the 1981 Trustees Report, Alternative II-B assumptions.

Reduction in OASDI benefit payments

Calendar year:	*Millions*
1982	$915
1983	1,715
1984	2,260
1985	2,570
1986	2,730

Chairman PICKLE. Do any of you other gentlemen have a statement that you want to make?

Mr. SIMMONS. No, sir.

Chairman PICKLE. I would comment first. I have included both these letters, and they will be made a part of the record.

You have indicated and you asked that that be put in the record, I presume, to show that we endorse the administration's bill, or your action, as being appropriate and proper?

I want to make sure why you are introducing these letters. That does not represent my full intent.

Mr. SIMMONS. It is important. If you would prefer they not be in the record and think they may be taken out of context, then, of course, I withdraw my request.

Chairman PICKLE. Let me ask you several questions.

First, I suppose we have to establish the intent. It was your statement that it was the intent of the Congress to phase out these benefits, and do it as quickly as possible, and to compromise, May of 1982.

The gentleman from New York, Congressman Solomon, testified he did not think that that was the intent of the Congress, that that was in error and they did not mean that, and that he thought perhaps the administration would want to make a change in this.

Have you had any indication from the administration that they would be willing to make a recommended change in the effective date of the student benefit program?

Mr. SIMMONS. He has caught me at a disadvantage. If he has discussed it with someone, it was not us.

Chairman PICKLE. It is your statement that it was the clear intent of the Congress to phase out the student benefit program?

Mr. SIMMONS. Our understanding of your intent was that the date, the compromise date of May, was reached as a means of protecting those students who were then graduating or going into the new class—the present group of freshmen in colleges—and that that was the ultimate compromise position.

Chairman PICKLE. I accept your position.

I don't want to argue about it.

I want to make it very clear to you that this subcommittee felt if we did phase out the students, we ought to give at least 6 years' notice to the parents, and that would give those people time.

That is a great deal different from what we have adopted now because we are not only going to phase them out in 3 years' time, we are in effect cutting the program down to a zero level within a 3-year period.

The colleges had no way to get to it, because it was in the Reconciliation Act, and whether we will get to it as a separate vote this year, it remains to be seen.

Your bill is primarily to save money.

Mr. SIMMONS. To save money, and on the philosophical grounds that this program is not means tested, and the other student aid programs typically are, as are State college aid programs, sir.

Chairman PICKLE. What do you mean needs tested? We started the program in 1965 as an addition to the social security program, and it has been in operation now for some 16 years.

Up to this point, is it not a fact that the only means people have to be alerted to these changes have been through the news media, or through just occasional correspondence on an individual basis?

Mr. SIMMONS. Well, the primary public means of reaching these people has been the media. We have also assumed that a person who is a junior or senior in high school and who is dependent on this benefit and is thinking about going to college would be talking to college placement officers, would be talking to high school counsellors, et cetera, who should have been much more sophisticated in the issue and have much more direct access to information through their professional associations.

There may be some who have not thought ahead.

Chairman PICKLE. You have put out information, stuffers, to organizations and radio and television and newspapers, general mass information. There has been no direct mail to the individual, to the student or the family involved?

Mr. SIMMONS. That is correct, except for those who are turning 17½ years old, and then those at the end of this month, all those who are student beneficiaries of 18 and over.

Chairman PICKLE. If you put out individual mailings it would cost you somewhere in the neighborhood of $1 to $7 million.

Mr. SIMMONS. Depending on how it was done.

I agree with you that cost is really not the consideration.

Chairman PICKLE. Not at all. It isn't cost, but if you are going to save $8 to $10 billion on the phase out of student benefits, there ought not be any hesitation at all, not a split second about whether you are going to spend one million or $5 million to people now directly involved, so I am glad that you agree with me that that ought to be made plain.

You have another problem, you said your records do not contain enough information to target a separate mailing any earlier than we are doing to high school students who are beneficiaries. You have no way to determine to whom you should send these notices?

Mr. SIMMONS. We do not know, for example, in advance that a person who is now 15 or 16 years old is planning to do something. We would have to come up with a special program even to identify that group of students, and I would ask Mr. Kirschbaum to address the mechanics of that.

Mr. KIRSCHBAUM. Until the child beneficiary reaches age 17 and 7 months, we do not know whether the child is in school or not, whether they are high school seniors or in elementary school, because it is not necessary to know that to pay benefits. So all we know about children younger than that is basically their age, and we don't know whether or what kind of school they are in.

Chairman PICKLE. You do know who are beneficiaries, survivor beneficiaries or families, children, you know who those are.

Mr. KIRSCHBAUM. We do.

Chairman PICKLE. You know whether they are 17 or 16, you still know who they are so you could target a mailing of two to three million people just in that category?

Mr. KIRSCHBAUM. We could target such a mailing.

Chairman PICKLE. What is your difficulty if you did that? Do you say that would confuse people.

Mr. SIMMONS. That particular approach may not confuse people, but there are several broader considerations here.

We now have 2,000 hours or more of back logged computer time because of the sad state of our systems.

The broader question is that the sole purpose in that, from a legalistic point of view, would be to notify people to give them an opportunity to circumvent the intent of the law, the intent of the law being people will be cut off effective on May 1.

Take the IRS, for a parallel example. The Congress makes dozens of changes every years in the tax law which affect all of its taxpayers. The only time most taxpayers ever hear from the IRS is when they are being summoned for an audit, or when the forms come at the end of the tax year.

You have the same kind of a problem here. This is a notification process that we think should operate through normal channels. This is the way we normally notify people of changes in the law. They get it through association with their district office, the national media, and through word of mouth, through professional associations such as the guidance counselors and the high school and financial aid officers in colleges, and the banking industry when they go to the banks.

Chairman PICKLE. When you say that you could put out the mailing and could target another larger group but it might circumvent the intent of the law, that shocks me in a sense to say that in trying to get a notice out that you are trying to circumvent the intent of the law.

Surely you don't mean that. Those students will be eligible. They have expected it all their lives. To just infer that that might be circumventing the intent of the law is amazing.

Mr. SIMMONS. I was talking about that category of students, those who are high school seniors this spring and rushing to enroll in colleges before the May deadline. We have had the phenomenon of State legislatures considering changing State laws to permit colleges to contract with high schools to make the high school a "college."

Chairman PICKLE. I don't want to dwell on this. I think it is worth nothing that when you say you have mechanical limitations which would preclude you from selecting out certain beneficiaries to send them this special notice, perhaps that is so, but if that is so, how could the SSA have told us that they could have selected the minimum beneficiaries for notice when that issue was before us?

If you could do it for the minimum, you ought to be able to do it for the student beneficiaries. Is that basically correct?

Mr. SIMMONS. As you may recall, we pointed out it would cost 7,000 man-years of work. There was a task force that would have to be assigned due to the limitations of the system. There was no way to push a button and receive that information.

In this case, we would have to design a program and run it. It would take a bit of time and effort to do this because of the state of our system.

Chairman PICKLE. There is a difference because when we dealt with the minimum benefit amendment, we were talking about recalculating benefits. Here we are talking only about sending out a notice.

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Mr. Simmons. Even something as simple as that, sir, is a systems problem to us.

Chairman Pickle. If you can do it on the one hand, you can do it on the other, if you want to do it.

Let's get at that point. Let's proceed from there.

Mr. Jacobs, I will yield to you in a minute.

First, as a matter of record you have sent to the SSA offices a bulletin and a listing of some questions and information about how they would rule on these benefits. That is to the SSA offices. You also put out mailers, pamphlets, publications. You also state that you have put out erroneous information in two of your central U.S. offices.

What do you have, five? How many district offices do you have?

Mr. Simmons. There are six program service centers.

Chairman Pickle. A relatively small number. If that is two out of the six, that is not small. That is one-third of the whole United States.

In correcting that, are you sending it to all district offices, to all people around the country that that information was wrong?

Mr. Simmons. Every single one of the people who may have gotten that erroneous brochure through that mechanism, which is probably fewer than 100,000 now, will receive new information in about 4 weeks from now at the latest.

Chairman Pickle. Let's get to the students. First, with respect to those who are in school now, you will send out a notice, as I understand it, to all the students who are current beneficiaries the last of this month or the first of March notifying them about these changes?

Mr. Simmons. That is correct. Those who are 18 and over.

Chairman Pickle. This form is the form SSA-1388, is that correct?

Mr. Simmons. Yes, sir. That form, on the back, has an explanation of the change and along with it will go a pamphlet, also, so they will be doubly notified in that mailing. The pamphlet is very clear, very direct on what the situation is.

[The form follows:]

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Social Security Administration

TOE240

Form Approved
OMB No. 0960-0089

REPORT OF STUDENT BENEFICIARY AT END OF SCHOOL YEAR

Social Security Claim Number

[✓ TID] STR [✓ CAN]

Please read the 1981 Amendment information on the reverse of this form

RETURN FORM BEFORE

Section A - This item must ALWAYS be completed

Enter the name of the school you are now attending (or most recently attended) include branch, campus, or division

This report applies to

CLN

Refers to school year ending

Name and Address

For change or correction of address, line through old address and insert the new address

Social Security Administration 1388
Program Service Center

Please return form to the above address

SECTION B – Items 1, 2, 3, 6 AND 7 MUST ALWAYS be completed

1	(a) Are you married?	(If "Yes," answer (b).)	☐ Yes ☐ No	MRR
	(b) Enter the date of your marriage	(Month /Year) →	/	
2	(a) Are you enrolled in school on a full-time basis?	(If "No," answer (b).)	☐ Yes ☐ No	CAT
	(b) If you are not enrolled, enter the last month and year any part of which you were enrolled on a full-time basis	(Month / Year) →	/	
3	(a) Do you intend to continue school as a full-time student after the end of this school year?	(If "No," answer (b) and go on to item 6.)	☐ Yes ☐ No	FAT
	(b) If you do not intend to return to school next year, enter the last month and year any part of which you will be in full-time attendance	(Month / Year) →	/	
4	Enter the month and year your **NEXT** school year →	a BEGINS (Month / Year) → b ENDS (Month / Year) →	/ /	NSY
5	(a) Will you attend the same school shown in section "A" next year?	(If "No," answer (b) & (c).)	☐ Yes ☐ No	NEW
	(b) Name of new school Address of new school	(c) Type of new school ☐ Secondary (High school level or below) ☐ Post-secondary (College, Junior College, Trade or Vocational, etc.)		
6	(a) Do you expect to earn more than $4,440 in 1982?	(If "Yes," answer (b) and (c).)	☐ Yes ☐ No	AET
	(b) Enter how much you expect your total earnings to be in 1982		$	FEE
	(c) Enter first month in which you earned or expect to earn over $370 in 1982	(Month) →	/ 82	FWK
7	(a) Are you or will you be paid by your employer for attending school (at the request, or as a requirement, of your employer)?	(If "Yes," answer (b).)	☐ Yes ☐ No	PSA
	(b) Enter the date you started or will start attending school under the conditions mentioned in 7 (a)	(Month / Year) →	/	

Answer items 4 and 5 ONLY if you plan to continue school on a full-time basis next year.

NOTE: Whoever makes a false statement in connection with this report is liable to a penalty of a fine or imprisonment or both.

Signature of student or payee	Student's own Social Security number	Student's school identification number	Telephone number	Date (Mo., day, year)	DON

SECTION C – SCHOOL CERTIFICATION - To be completed and signed by an official of the school in Section "A"

NOTE: See reverse for "Important Message For School Officials"

1	(a) Is the information in section "B," question 2, provided by the student named on this form, in agreement with your records?	(If "No," answer (b).)	☐ Yes ☐ No	VAT
	(b) Was the student ever enrolled on a full-time basis?	(If "Yes," answer (c).)	☐ Yes ☐ No	
	(c) Enter the month and year the student was last in full-time attendance	(Month / Year) →	/	
2	If your school is NOT a Community College, Junior College, College or University – is the number of scheduled hours of attendance per week for the student named on this form 20 or more?		☐ Yes ☐ No	
3	Name of school	4 Is this a post-secondary school? (Examples of a post-secondary school are College, Junior College, Trade or Vocational School, or Business School.)	☐ Yes ☐ No	TOS

Signature of school official	Date (Month, day, year)	SIG

Form SSA - 1388 - C2 (1-82)
Destroy Prior Editions

Return to the Social Security Administration

PRIVACY ACT NOTICE

The following information is given pursuant to the **Privacy Act of 1974**. **The Social Security Administration** is authorized to collect information about your school **enrollment under sections 202(d) and 205(a) of the** Social Security Act, as amended (42 U.S.C. 402 and 405). **While completing this report form is voluntary**, failure to provide all or part of this information is cause for suspension of benefit payments. The information on this form may be disclosed by the Social Security Administration to another person or agency for the following purposes: (1) to assist the Social Security Administration in establishing the right of the student beneficiary to Social Security benefits, (2) to facilitate statistical research and audit activities necessary to assure the integrity and improvement of the Social Security programs, and (3) to comply with laws requiring or authorizing the exchange of information between the Social Security Administration and another agency.

IMPORTANT MESSAGE FOR STUDENTS RECEIVING SOCIAL SECURITY BENEFITS

Instructions to Form SSA 1388-C2

This form is required so we can tell if the benefits you have received since you last reported to us were paid correctly and if you are still eligible for continuation of those benefits.

Here is What You You Must Do

1. Enter the name and address of the school you are now attending or most recently attended in Section A. Be sure that you complete questions 1, 2, 3, 6 and 7 in Section B, sign, date, and enter your telephone number in the correct space. Questions 4 and 5 in Section B need not be completed if you do not plan to return to school next year.
2. Have an official of the school you are now attending or most recently attended complete Section C of the form to certify whether you are or were a full-time student. Request the official to return the form to Social Security in the enclosed postage-paid envelope. It is important that the form be returned in the envelope provided by Social Security, if not your checks could be delayed. If for some reason you do not have the return envelope, have the official return the form to the Social Security Office shown in the upper right portion of the form. If the official will not mail the form for you, once the certification block is complete, you may mail the form directly to Social Security in the enclosed envelope. If you do not have the enclosed envelope mail the form to the Social Security Office shown in the upper right portion of the form.
3. The form must be completed by both you and the school official and returned within 45 days from the date of receipt or your checks will stop. We also will investigate to determine whether you were eligible for all past payments you received.

If you have any questions about the enclosed form or the accompanying instructions or encounter some problem in getting the school to certify your attendance, contact any Social Security Office. The people there will be glad to help you.

IMPORTANT CHANGES IN STUDENT BENEFITS

Changes in the Social Security law in 1981 will reduce or eliminate monthly benefits for many students. How you may be affected depends on whether you attend secondary school (high school level or below) or post-secondary school (such as college). It also may depend on when your benefits started.

1. If you attend a secondary school

   Benefits can continue for all months you attend school through July 1982. But effective August 1982, benefits cannot be paid for months in school terms after you reach age 19 (except that benefits may be paid for up to two months beyond age 19 if you reach age 19 during the school year).

2. If you attend post secondary school

   a. And you were entitled to a Social Security benefit for August 1981. If you are enrolled before May 1982, benefits can continue until you finish school, reach age 22, marry, or through April 1985, whichever comes first. However, there will be reductions in your benefits:

   - starting in 1982, no payments will be made for May, June, July, and August even if you attend school these months;
   - you will receive no cost-of-living increases in benefits; and
   - your benefit will be reduced by as much as 25 percent a year, starting with the September 1982 check (due in early October).

   b. And you became entitled to a Social Security benefit for September 1981 or later. Payments can be made only for months you attend school fulltime through July 1982.

If you have any questions about how these changes affect you, contact any Social Security Office.

IMPORTANT MESSAGE FOR SCHOOL OFFICIALS

Please complete all pertinent questions in Section C of this form and return it promptly, since failure to do so will result in the stoppage of the student's Social Security checks. This form should not be returned to the student.

Rather, return it to Social Security in the postage-paid envelope which accompanies the form. It is important that the form be returned in the envelope provided by Social Security, if it is not the student's checks could be delayed. If for some reason you do not have the return envelope (e.g., the student failed to submit it), return the form to the Social Security Office shown in the upper right portion of the form. If your records indicate that the student named on this form may not be entitled to Social Security benefits (e.g., student has married), please contact your nearest Social Security Office. In addition, a carbon copy of the form is furnished for your records. This copy can be used to identify those students in your school who are receiving Social Security benefits. Please contact your nearest Social Security Office promptly if the student named on the reverse of this form withdraws or reduces his attendance to less than full-time.

For Social Security purposes, a student is considered in "full-time attendance" at an educational institution if enrolled in a day or evening non-correspondence course and is carrying a subject load which is considered full-time for a day student under the institution's standards and practices. A school is considered a post secondary school unless it is a high school, junior high school, elementary school, or the equivalent.

Do not batch mail this report. Each form should be mailed in the accompanying envelope or to the Social Security Office shown on the other side of this form (right).

Chairman PICKLE. Let's look at that. I have here this form 1388. The first sheet says report to the student beneficiary at the end of the year. He is asked questions to fill out. This goes to the student, I presume?

Mr. SIMMONS. That is correct.

Chairman PICKLE. Do you think that the student will know just what this form means when he gets that?

Mr. SIMMONS. On the back of the form, sir, is the explanation, the important changes in student benefits, and so forth. This pamphlet will be included with it, which calls his direct attention to the student benefit program itself.

That is the mechanism we are going to use to notify them to correct those 80,000 or 90,000, whatever the number was—we can't be sure. That is the mechanism we are going to use to correct that.

Chairman PICKLE. Do you think the average student, freshman in a university or college, is going to immediately know you are going to cut his benefits in this program change when he gets this form?

Mr. SIMMONS. This form is designed also for the parents, of course, to work with the student on.

Chairman PICKLE. Well, it is designed for the parent, but that student is at the State university. That parent lives 300 miles away. Now that student may send it to the parent, but the mailing goes to the individual.

I am concerned that this is a form sufficiently clear to that student. I have the feeling you ought to be preparing this more for a student with the freshman education level rather than the bureaucrat who lives in St. Louis who is interpreting a regulation.

I have read it. I looked it over. I think if the student read it, got it, studied it, it will dawn on him he will lose all his benefits within 3 years' time if he can read it.

Mr. Jacobs says you have to assume the freshman will be able to read.

Mr. SIMMONS. With all due respect to the education establishment, I would like to think anyone who is a freshman in college or a high school senior will be able to read that form.

Mr. JACOBS. If the chairman will yield, I was misquoted. I looked at the form and said if he can read it in 3 years.

Mr. SIMMONS. I can speak for the quality of this publication, which is the one that is going along with the form. This is designed expressly to be read at the high school level.

Mr. Fisher can speak to the techniques. I can't vouch for them, but experts tell us that this is eighth grade or high school language.

Chairman PICKLE. Mr. Commissioner, I can't tell you the exact form you ought to use, the language you ought to use. I think you are beaming this for a parent level or for an interpretive level more than you are the student.

I don't think it is really going to dawn on him regardless of this multitudinous type of notice you send out. He has to read down further in the print that, one, starting in 1982 no payment will be made to the students in May, June, July and August, if you attend these schools these months. He will get no cost or benefit.

The third point, way down there, is that your benefit will be reduced as much as 25 percent a year starting in September. It just seems to me you ought to lead off and say: "Notice: The Congress has made changes in the social security student aid program and student benefits are going to be phased out at a level of 25 percent and be eliminated entirely by 1985."

It seems to me that message ought to be set out in bold letters out in front so they will know that and not have to read and dig it out.

Mr. SIMMONS. That is part of the reason why this is going in. Also, this same student will receive a notice in May that the check is being eliminated for the summer months and when it will be restored, et cetera, which is another opportunity to communicate with him.

I would still think that if financial aid is a consideration in almost any family situation, the parent is certainly intimately involved with that. It is the family unit we are talking about that is financing all or part of that student's education.

Chairman PICKLE. He is going to have his benefits cut. That means that student will have less money to go to school on. That means he is going to be looking for other sources of income, is he not?

Mr. SIMMONS. Correct, sir.

Chairman PICKLE. This ties into another question, If he gets this notice now a lot of these students will not have time to go to student loan programs, perhaps, to get loans. Is that correct?

Mr. SIMMONS. In some cases that may be true, but I would submit that no matter what cutoff date you use, there is always going to be the situation where, well, "that is a bad time." You are going to be back here again next year with more complaints about the cutoff.

Chairman PICKLE. I am going to go one more step. Your other notice, SSA-1387, this is a notice concerning the child beneficiary who will soon attain 18. You are going to send out this notice together with a copy of the student pamphlet. You are going to send this to all child beneficiaries approximately 5 months prior to the month the child attains 18.

Mr. SIMMONS. That is correct, sir. That is the notice that carried the erroneous information to some of that group of students.

Chairman PICKLE. I notice your statement said—and you give me a copy of these particular forms—you said they have not been—as I understand it, those two forms have not been revised. Are you going to send them the form you sent to me? Are you going to send out the old form that had not been revised?

Mr. SIMMONS. No, sir. It goes with the pamphlet. The pamphlet is the notification.

Chairman PICKLE. This revised form you are going to send out is the pamphlet or the form? You said that the SSA-1387 and 1872 have not yet been revised. If they haven't been revised, are you going to send out the old form? You don't mean to do that?

Mr. SIMMONS. No, sir. The form you have was revised in January 1982, last revised in January 1982.

Chairman PICKLE. The SSA-1387 has been revised as of 1982. It is the new revised form. Is that correct?

Mr. SIMMONS. With this goes this pamphlet.

Chairman PICKLE. I am talking about the form, not the pamphlet.

Mr. SIMMONS. The form itself does not contain greatly detailed information, I don't believe.

Chairman PICKLE. Is it the revised form? We have all the changes made. Is it the revised form? I am trying to ask you, are you sending me an old form, together with this new pamphlet, or are you going to have a new revised form to use? Your statement says they have not been revised. Is that correct, or is that not correct?

Mr. SIMMONS. Just a moment, sir.

This is just a notification form, part of the package that they get. It includes the pamphlet, which is also a notification. This form has not been used traditionally to carry great detail. It refers you immediately to your social security office and to other pamphlets, other forms that are available.

Chairman PICKLE. Mr. Secretary, I don't want to prolong this discussion by trying to infer or dictate to you the wording of these forms. Surely if you are going to send out a form to these students who will be coming on the program, who would have been eligible, that you will use a revised, up-to-date form, as well as a new pamphlet. To me that goes without saying. I hope we don't have to belabor that point.

Let me make one additional statement. Then I will recognize Mr. Jacobs.

Were you here when I read the statement made by Secretary Schweicker in a hearing last fall?

Mr. SIMMONS. Yes, sir.

Chairman PICKLE. Mr. Shannon, who is with us now, raised that question. He said, if we cut, if we phase out student benefits, even though it has been recommended by the Ford, Carter and now the Reagan administration, if we enter into a phased out program, will the administration keep the student loan and the grant program strong.

Secretary Schweicker said, you raised a very good point that we must study that and be careful that we do, that by whatever program we advance we have a sufficient interaction between these committees so that you don't cut out student aid programs, student benefits, survivor's benefits and then cut out the loan and the grant program at the same time.

It concerns me that we have adopted the phaseout of student benefits under social security at a very rapid rate and, at the same time, the administration, last year, made cuts in the student loan benefit program and now is recommending apparently cuts of 20 to 30 percent additional.

The students are now being given a double whammy. If you cut out all of their survivor's benefits in a very short time, and none after 1985, then you cut the student loan and grant program down in half, then aren't we doing insufferable damage to the American educational system?

Mr. SIMMONS. Of course, I cannot speak to the whole welter of aid programs out there. I can speak to the philosophy of this particular action, which was to take a nonessential part of social security and a duplicatory program out of the trust funds, which are in a precarious situation, and refer children who really need the money to programs that are needs tested.

I do know that most of the cuts enacted last year in the student aid programs were designed to bring those more into the needs tested system than they were, so that the $17,000 a year steel worker is not subsidizing a guaranteed student loan for the children of doctors and lawyers with incomes of over $100,000.

I do know under the old system the abuses—and you see this in the newspapers every day and in GAO reports—of upper middle class people going out to borrow money at 9 percent before the cutoff last year and investing it in money market accounts at 14 percent and not needing the money in the first place, but being able to get it because it was just there.

I think it is a matter of spending priorities. If we have a finite resource system—meaning the national budget—how much are we going to spend for something that people can take care of themselves and how much do we target the resources to those who need it?

Chairman PICKLE. I think it is a bit ironic almost that—I read a congressional insert the other day, put in the Congressional Record by Congressman Paul Simon. Now I am hearing from Mr. Paul Simmons. There is a good bit of difference in the viewpoint of Congressman Paul Simon and Mr. Paul Simmons. But in his statement he included an insert from a president of a college, Hartford College.

He made this statement, and I quote Dr. Traxenberg:

> Education is mistakenly being perceived of by the Reagan Administration as a national expense. Nothing could be further from the truth. Properly seen Federal and state programs in support of student aid are investments in American young people and in ourselves.

I would hope that we not get too bogged down in what is a needs test and whether it is philosophically something that we ought to be doing or not. The Congress has agreed to phase it out, but I do not think the Congress intends to phase out student benefits under the social security program and reduce loans and aid programs in half at the same time.

Do you think we intend to do that?

Mr. SIMMONS. I cannot of course speak for congressional intent. I can say that I would agree with the statement that you have just read, except for the first adverb in the first sentence, that yes, a well-trained student, education, is an asset to the country.

It is our economic underpinning. The question is, are we going to tax people to spend money for education, to subsidize education, for people who don't need the subsidy. That is the question in a finite resource system.

I think there is a basic philosophical argument here on the level of spending that comes from the public purse as to what we expect to come—I paid my own way through college. I did take advantage of a student loan program. My parents were not wealthy enough to put me above the cutoff point that is now in effect.

Because my parents were not wealthy, I did have a reduced amount of money and had to go earn money on the side myself. I don't think that is necessarily a bad thing to expect of people. I don't think it is a good thing to expect that someone who chooses to go to a very expensive school as opposed to one who chooses to go to a less expensive school should have the difference made up totally out of the public purse. This is what was happening.

If you look at the GAO reports, the student loan program delinquency rates in some colleges are very high because they weren't even policing them because the programs were so loose. That is not a good use of money. I can't speak for the Education Department. I suspect if they were here, they would be saying something like that.

Chairman PICKLE. They will be given a chance to make their statements on it.

The Chair recognizes Mr. Jacobs.

Mr. JACOBS. Mr. Simmons, did you say you worked your way through college?

Mr. SIMMONS. Mostly through college through a combination of getting an academic scholarship and working summers and evenings and weekends and a small amount of student loan, which I did pay back.

Mr. JACOBS. I guess you know under present circumstances it isn't too easy to work your way through life. It is pretty hard to get a job now, isn't it? So, the situation could be slightly different.

I guess I enjoyed patting myself on the back. I worked my way through law school, not working summers, but working winters and summers. I also worked my way through undergraduate school.

In those days it was a lot easier than it is now to find work. I think that is a factor that ought to be taken into consideration.

You said a moment ago the question is whether a student assistance program ought to be somewhat related to the need. You might have added the scholarship, the individual industry of the student. I don't believe that is the question. I think that is one of the questions.

For example, if Nelson Rockefeller were in some kind of covered work, let's say he did some moonlighting—in fact, some people say he did, in a way——

Mr. SIMMONS. I used to work for him, but I couldn't attest to that, sir.

Mr. JACOBS. All I know is what I read in the newspapers, and I am not nearly as funny as Will Rogers. Anyhow, it would be a pretty reprehensible situation if, as you say, the guy running the lathe ends up helping to pay Rockefeller's son or daughter through college. I don't know anybody that can quarrel too much with that.

Another question is, the one I raised a moment ago with Mr. Solomon, how much leadtime? What about detrimental reliance, or what they call promissory estoppel?

Mr. Pickle has made that point, a little more leadtime might be more consonant with the principles of a quasi contract with the people who paid social security taxes. But other than this administration's attitude toward the oil companies, I really do see a kind of shell game here going on with this student aid business.

Now, you said that is the next window. You go over there. If it is closed, that is not my responsibility, and I suppose by the time we get the fellow at the next window here he will say that you guys cut these kids off too fast and then you will be gone, too. But it is one administration. It is one policy.

Mr. Simmons, you also said that anyone ought to be sophisticated enough to read the newspapers, see the general——

Mr. SIMMONS. No, sir, I didn't. I am sorry. I don't believe I said that. I said that you would assume that those who are more sophisticated, the college aid community, et cetera, who are following these developments because it is their livelihood are getting it by word of mouth.

Anyone who is thinking ahead of going to college has probably been talking to people like that since the junior year in high school. That is when you start shopping for a college, taking the SAT exam, all the things like that.

Mr. JACOBS. Would you assume anyone who is above college age and a member of Congress be sophisticated enough to know when this cutoff would take place if he or she were required to vote on it?

Mr. SIMMONS. I assume the cutoff date was the result of a compromise by that very phenomenon. We proposed August of 1981. This committee proposed January 1983. The May cutoff was to assure that last year's seniors and this year's freshmen were not hurt.

Mr. JACOBS. Is the answer yes or no? Would you assume a member of Congress——

Mr. SIMMONS. You would assume.

Mr. JACOBS. Yet you just heard a man who quite literally has the wisdom of Solomon testify that he really didn't understand when the cutoff would be, even though he gets—what do they pay?—$60,000 a year to study up on things like that before he votes for it.

I think Mr. Pickle's point is well-taken. I hope you will take that into consideration when you estimate the effectiveness of putting messages in bottles and where they, in fact, arrive.

Some people say when a fellow like yourself is up to here, to the eyebrows in it, the general public is just getting the soles of their shoes wet. I think that is true. Communication isn't all that easy.

I just have one more thing I want to ask you. Is the Social Security Administration using some Air Force computer equipment down in Texas now?

Mr. SABATINI. Yes, we are, sir.

Mr. JACOBS. Yes?

Mr. SABATINI. Yes, in San Antonio.

Mr. JACOBS. Why do you suppose the Air Force has extra time in computer capacity and you don't have enough?

Mr. SABATINI. Probably because they run their computer systems more efficiently than we can and therefore don't need——

Mr. JACOBS. What is so efficient about buying more equipment than you need no matter how efficient you are?

Mr. SIMMONS. As we understand the way the systems work in some of the Armed Forces, they have excess capacity that is used in some conditions of readiness, but not in others. Hence they must maintain large capacity. We have a several thousand hour backlog, which is growing by the month now.

Until and unless we can get the help we need to revise that system, which is going to be a 5-year project, we have to go shopping sometime just to get share time to be able to run our tapes.

Ours is a linear tape-oriented system with half a million roles of tape sitting in the library. It is——

Mr. JACOBS. Not quite as sophisticated as the Air Force one, is it?

Mr. SIMMONS. I am told some of the other systems that we do use have capacity that is almost as bad as ours, but at least there is time available in some places.

Mr. JACOBS. Some is a lot better—we have had testimony to that effect before this committee—a whole lot better. Somehow or the other the word "priorities" comes to mind which you, sir, mentioned a moment ago.

Do you suppose if we required Social Security employees to wear uniforms, we would deal a little better—not the social security program but the tank program or the B-1 program—we would stay up to date better with this administration?

Mr. SIMMONS. With all due respect to the Congress, I have to say I cannot speak for the priorities of my predecessors or the Commissioner's predecessors. We did not create this problem. It has been there since 1962. We are state of the art 1962 and have done nothing about it.

Resolving the computer systems problem is our No. 1 management priority. It is probably going to cost half a billion dollars over a period of years. It has to be done. There is going to come a point some day where we won't be able to get the checks out unless we do it.

We are going to do it, but I cannot speak for the priorities of the previous administration or the one before that, why they didn't start the project.

Mr. JACOBS. But you are willing to speak for the priorities of this administration?

Mr. SIMMONS. The management priority is to get the checks out on time, to get enforcement runs done so people get the benefits that they are due. We are now behind even in adjusting people's benefits who were still working after retirement, so we can't adjust their benefits upward. We can't get that on the computers in time.

Mr. JACOBS. As I understand it, it is also the priority of this administration to cut merit student assistance programs, to cut the title I of the Elementary and Secondary Education Act, and according to the newspaper yesterday or the day before, to cut immunization of children from polio and so on and so forth and, at the same time, to spend $5 billion to take World War II battleships out of mothballs.

I know when you said you would speak for the priorities of this administration you would at least venture an opinion as to whether those are the best priorities you ever heard of, wouldn't you?

Mr. SIMMONS. No, sir, I would not.

Mr. JACOBS. You would rather decline.

I yield to Mr. Shannon.

Chairman PICKLE. The Chair recognizes Mr. Shannon.

Mr. SHANNON. Thank you, Mr. Chairman. I will try not to take too much time.

I have a more specific kind of question, I guess, for Mr. Simmons, although I want to say that I share Mr. Jacob's concerns about the priorities.

I have been told by constituents that as late as last week Social Security district offices have refused to explain to certain high school seniors who are receiving survivor's benefits how they can under present law keep receiving those benefits while in college.

In fact, people have come to me and said that, as late as last week, Social Security offices have in some instances denied there has been any change in the law at all.

Can you give me some enlightenment as to why that vital information is being denied?

[The following response was subsequently received:]

Upon enactment of Public Law 97-35, detailed operating instructions regarding all provisions were distributed to all Social Security field offices. As new issues were identified, these instructions were updated and clarified. However, the possibility of misinformation always exists when new legislation is enacted in an organization with over 75,000 people and 1350 field offices, and this is especially so when the changes in the law are complex. We recently sent to the field additional clarifying instructions on several points because we were made aware that correct information was not being provided in some cases. We believe that adequate instructions have now been distributed and attention to them emphasized so that the possibility of misinformation has been minimized. As we noted in testimony on February 5, 1982, we have emphasized explicitly to our district offices the need to respond to inquiries about the phase-out of student's benefits with factual explanations of the law and to avoid advocating any particular course of action.

Mr. Simmons. I would ask you first for the names and locations of those offices. If any office is refusing to explain what the situation is on the law, then we would certainly want to know because we pride ourselves on our offices' ability to keep track of the incredibly complex changes that happen in the system.

In an organization with over 75,000 people and 1,350 field offices, obviously you are going to have slips in communication. This could happen in anything.

I think the broader part of your question is you are saying that we are refusing to counsel high school students on how to beat the deadline. That is a whole other question.

You could ask us, for example, and our offices would refuse, as a matter of principle, to explain all the loopholes and quirks in the Social Security Act which make it possible for a person to actually get more money in retirement than he got from the payroll.

Mr. Shannon. Are you telling me that explaining to somebody how they might be eligible for benefits is telling them a loophole in the law?

Mr. Simmons. No. We have had some agitation over this. If someone comes in and asks,"how can I beat it——"

Mr. Shannon. What do you mean, "beat it"?

Mr. Simmons. By enrolling in college before May.

Mr. Shannon. Let me read you a column from the Boston Globe published last week. Tell me if this is beating it. Mike Barnicle wrote this in the Boston Globe last week. It begins:

> His father died on Jan. 8, so by Jan. 22 Jim Burns, the vice president of the senior class at Peabody High School, had dropped out of school and was over at North Shore Community College, where he enrolled as a freshman. He had to do this, the 17-year-old did, because last fall a majority of the men and women in the Congress

of the United States voted to cut back on the benefits paid to survivors under the Social Security Act.

He had to leave high school in order to get the benefits, Jack Wilson, the boy's home room teacher and the senior class adviser was saying. "We've had about a dozen kids this year here at Peabody High who have had to leave school for the same reason."

The Social Security Act, nearly 50 years old, became law during hard times. It has been a witness through the years to the fact that government is best when it tries to care for those unable to care for themselves.

Last fall, President Ronald Reagan, a man in his 70s who has spent decades living in the middle of luxury, comfort and wealth, kept urging the Congress to cut nearly everything in the budget except money for Pentagon toys. Among high priority items to be slashed was the Survivor's Benefits program.

It used to be that if your father died, you would get a Social Security benefit check until you reached 18. The checks averaged about $225 a month. You could continue getting a benefit check until age 21 if you were enrolled in college.

Under Reagan's government, all of this has changed. Now, you have to be enrolled in college by May 1982 in order to obtain the benefits. Thus, the case of Jim Burns.

"But I just found out today that Jim isn't eligible to go to North Shore Community College," Judy Burns, the boy's mother was saying Friday. "The new law reads that you had to be getting the benefits in September of 1981 in order to qualify. Jim's father just died three weeks ago, so on Monday he'll have to go back to Peabody High.

"I had called the Social Security Office about it at first and they gave me the wrong information. That's why Jim dropped out in the first place. It makes me sick but I guess there's not a damn thing I can do about it. It really did bother him to have to leave his school but he's a sensible kid and he knew he had to do it."

"Who did you vote for?" she was asked.

"Reagan," Judy Burns answered.

"What do you think now?"

"I don't know," she said. "I can't believe this is how he wanted it to work. I can't believe that he's really aware of how much he's hurting people, middle-class people. I guess you'd have to say I'm disillusioned.

"I voted for him because I thought that we had to end all this reckless government spending. But you don't realize the impact of things like this until it hits home. The thing that bothers me almost more than anything is that the people at Social Security didn't even inform me correctly."

"It has two effects," the teacher Wilson said. "It has an effect on the kids who had to leave. On Friday, Jim was a high school senior and on Monday he's a college freshman. Most kids have a whole summer to prepare for that. He had a weekend.

"A parent has died and that's why they have to leave school. That's disturbing enough. You miss a lot if you miss your last year. There's a great deal of social activity in their senior year.

"It also affects the seniors who are still in school," Wilson said. "There are a lot of close, emotional relationships in this senior class. The other kids are disturbed, too."

It is telling a kid about a loophole to tell him he is eligible for those benefits if he is able to get into college in January? Is it wrong for the Social Security offices to do that?

Mr. SIMMONS. It is wrong to counsel them up front and say if you do this—this is like here is a "how to" kit. They could also do a "how to" kit on how to get more in retirement than they got when you were on the job in perfectly legal ways. They could also counsel a person on how to get an interest free loan from social security if he is still working after he retired.

Mr. SHANNON. If the kid comes in and says my father died and I was counting on his help to go to college, is there any way I can get social security benefits to continue my education, should a Social Security office say "no"?

Mr. SIMMONS. No. The Social Security office typically would answer, you could if you are enrolled in college before May, under the act. Then you would be eligible. They might say that, but they are not going to propose that. They are not going to counsel that.

I think there has been some misunderstanding or some pressure from the academic community to have our offices do just that and not just to notify students that there is a change in the law, but to say here is how you can get around it by enrolling, so go out and enroll.

Mr. SHANNON. What have you advised the Social Security offices as to how they are to handle cases like that one?

Mr. SIMMONS. We have told them to be very factual, as they are supposed to be very factual with all changes. You spell out the terms of the law. We have pamphlets, other materials.

Mr. SHANNON. In this case, the office gave the kid misinformation. He dropped out of high school and went to college and found out subsequently he wasn't going to be eligible for the benefits anyway. What do you think of that?

Mr. SIMMONS. I don't know what the instant case was. I would like to know the boy's income, the family's income. I would also like to know what Mr. Barnicle's source of information is or whether or not he has it straight.

There are some things that appear in newspapers——

Mr. SHANNON. It is Mike Barnicle at the Boston Globe.

Mr. SIMMONS. I am familiar with the column.

Mr. SHANNON. Jim Burns lives in Peabody, Mass. The Social Security office is in Peabody. I would be interested to hear what your inquiry——

Mr. SIMMONS. I would be interested to hear that, too. We will look into it.

[The following response was subsequently received:]

Based on our understanding of the circumstances as reported in the Boston Globe column, the high school senior who is the subject of the column is precluded from receiving benefits as part of the "phase-out" group because he was not entitled to child's benefits for August 1981. In this case, the issue does not involve whether the child was in full-time attendance at a post-secondary school before May 1982. Because the child first was entitled to child's benefits after August 1981 (entitlement began in January 1982) benefits are not payable beyond his 18th birthday with the following exceptions. If he is in full-time attendance in high school, he may receive benefits from his 18th birthday until age 19, or when he graduates from high school, whichever is first. If he is in a post-secondary school, he may receive benefits from his 18th birthday until he ceases to be a full-time student or July 1982, whichever is earlier

Mr. SHANNON. The point is, from my experience—and I might say this is not even a constituent of mine—has been that scores and scores of students are having the same kinds of experiences dealing with some of these social security offices. They are unsure as to whether or not they should leave school, stay in school, under what circumstances they would be eligible for benefits.

We are getting calls from people who are saying if I had known that I would be eligible, I would have been able to begin college in January. We are getting calls from other kids who, like Mr. Burns, have found out that even leaving high school they are not eligible for benefits. We are getting calls from people who are saying that the social security officers are giving them conflicting advice or no advice.

I don't see anything wrong with telling people what they are eligible for under a certain set of circumstances. I don't think that your offices are doing that. I don't think it is a loophole to explain to kids that they might be eligible for the benefits under a certain set of circumstances, and I don't think that the offices have done that, either.

Mr. SIMMONS. There may be some offices that have given out wrong information through human failure or whatever. That can happen in any situation. If you call three different IRS offices, you may get three different versions of something that will vary slightly one way or the other. This can happen in any large system.

We have made a good faith effort to make sure that our people are trained in the new provisions of the act, that they know how to relate them, that they do give factual information. If you read this pamphlet, you can infer from it that you can get the benefit by enrolling earlier.

Mr. SHANNON. Since the change in the law, have you sent any policy directive to district offices as to how they are to advise people on this student benefits question?

Mr. SIMMONS. We have given them several different directives. I believe your staff has those, sir.

Chairman PICKLE. We have some of these forms.

Mr. SHANNON. Would you make sure you send to the committee a complete set of every directive that has gone out on this issue since the change in the law was enacted?

Chairman PICKLE. We have most of those forms.

Mr. SHANNON. I just want to make sure that we have everything, that it is up to date. I can't believe that you haven't heard a lot from your district offices as to problems that have developed in this area because I have heard a lot from people as to problems that have developed in this area.

I would just be interested in knowing how you have dealt with them.

Mr. SIMMONS. We have dealt with them in a factual, fundamental way. I don't understand what your question is, I guess.

Mr. SHANNON. Have your had any district offices come in and ask: Should we advise kids to leave school early, if that is possible, in order to become eligible for the benefits?

Mr. SIMMONS. The only time I heard that question was in relation to someone saying that the school association of some county wants me to come over and give a talk on the student benefit and what some of the other States are doing to beat the deadline for college attendance.

The State of New Jersey, for example, I understand considered changing its law for its colleges to contract to high schools so you could be considered a college student even while you are in the senior year of high school.

Mr. SHANNON. What did you advise as to those sorts of things?

Mr. SIMMONS. We said it is not appropriate for our people to be going out talking about what States are doing. It is appropriate to talk to any group about what are the provisions of the law: "Here are the provisions of the law."

Mr. SHANNON. Would it be appropriate for somebody in one of your offices to say to somebody who came in: "Listen, if you can get yourself out of high school and into college before the end of January, you will be eligible for the benefits"?

Mr. SIMMONS. That would not be appropriate if that person would not be eligible. If that was told to this student by one of our offices, it was a——

Mr. SHANNON. Say the person would have been eligible. Let's assume the person's father retired in August. Would it be appropriate for one of your people to say: Listen, you would be eligible"—if, in fact, that person would be eligible—"if you get into a college?"

Mr. SIMMONS. They do say that.

Mr. SHANNON. To say to them: "If you can get out of high school a semester early and into college a semester early, you are eligible for benefits?" There is nothing wrong with that?

Mr. SIMMONS. No; they are saying that. They are not going out and proselytizing on that. Don't forget the $915 million in savings this year is about one-half of the excess of expenditures over income last year, for the OASI and DI trust funds combined. We have a big problem.

If you are also assuming in your line of questioning, sir, if I may, that if in the individual case that you are talking about, or in other cases like it, the income level is such that the student really needs this amount of money to go to school, then why is it that one would assume that that money would not be available in any other student aid program?

It seems to me that the student aid programs were designed precisely for cases like that and that the family might have gone to check.

Mr. SHANNON. I heard you earlier disclaim any knowledge of what was going to happen to the student aid programs. If you have anything you want to tell us about what the administration's proposals are going to be, we would be very interested in hearing that. Do you?

Mr. SIMMONS. No, I do not, sir.

Mr. SHANNON. The point is that this is a case where a person says they were given misinformation by a social security office. As a result of that misinformation, they left high school, enrolled in college and found out that they weren't eligible for the benefits anyway and had to go back to high school, which is a pretty traumatic thing to happen 2 weeks after your father has died, I would imagine.

I have also heard from other people similar incidents. I want to know whether you have any policy of trying to discourage people from leaving?

Mr. SIMMONS. No, sir.

Mr. SHANNON. Have you ever given any directive to anybody to say don't encourage people to do this because we need the savings?

Mr. SIMMONS. Excuse me just a second.

Let me read you this. This was dated November 1981. These go out all the time. These are general directives to update things, remind people of things.

> In general, our public information policy over the years has been to provide a full and objective explanation of the law but not to advocate a particular course of action. We should continue to do so. In this situation, actions taken towards early

enrollment are generally legal, but we should neither encourage nor discourage them.

This is something that goes to every one of the claims representatives out there. I can't speak for every one of the claims representatives in our district offices—this is like any large organization—but I can speak to our policy and I think our policy has been evenhanded.

We are looking at this—our organization typically is given amendments to implement. We go out and implement them to the letter of the law. This is the way this organization has always worked.

Mr. SHANNON. I understand you can't be responsible for every bit of advice that is given in every district office, but I just want to make sure that the information that has come from Washington to the district offices has been clear and that the district offices have been instructed to inform people to the maximum extent possible of what they are eligible for under certain types of circumstances.

If you could just send us another set of every directive that has gone out since the change in the law to those offices, I would appreciate it.

Thank you very much.

[The Social Security Administration submitted the following:]

SOCIAL SECURITY
CHECKS FOR
STUDENTS
18 TO 22

Social Security checks for students 18 to 22

Monthly Social Security checks were first paid in 1965 to certain full-time students 18 to 22. A young unmarried person was eligible if a parent insured under Social Security died or began receiving retirement or disability checks.

Because of other student aid programs started since 1965, legislation enacted in 1981 will gradually phase out Social Security student checks. If you receive (or expect to receive) benefits as a full-time student 18 to 22, here's how the new law may affect you:

1. **If you attend college or other post-secondary school and—**

a. You were entitled to a Social Security check for August 1981: In general, monthly payments can be made until you finish school, reach age 22, or through April 1985—whichever comes first—provided you are in full-time attendance *before May 1982* at a college or other approved post-secondary school. However, the new law makes these changes:

- ○ You won't get checks for May, June, July, or August starting in 1982 even if you attend school during those months.
- ○ You won't be eligible for any future general benefit increases as will other beneficiaries.

- ○ The amount of future payments will be gradually reduced: 25 percent less starting with the September 1982 check (due October 1); 50 percent less effective September 1983; 75 percent less effective September 1984; and no more checks for months after April 1985. (*NOTE:* If you have brothers or sisters also getting Social Security checks, the reduction in total payments for your family may be less because of the way that maximum family benefits are figured.)

b. You first became entitled to a Social Security check for September 1981 or later: Payments can be made only for months you are in full-time attendance *through July 1982*.

2. **If you attend high school or elementary school**—*Through July 1982*, payments will be made for *all* months you attend school full time. Starting *August 1982*, no checks can be paid for the month you reach *age 19* or later except as follows:

- ○ Payments may continue until the end of the semester or quarter in which you become 19 if your school requires re-enrollment each quarter or semester; or
- ○ If your school does not operate on a semester or quarter basis, your checks may continue until you complete the course or for 2 months after the month you reach 19, whichever is first.

The rest of this leaflet explains requirements for Social Security student checks if you do not now receive them. If you have any questions, the people at any Social Security office will be glad to answer them. The phone number and address can be found in your telephone directory under "Social Security Administration."

Who is a full-time student?

Under Social Security, you're a full-time student if you attend a qualified university, college, junior college, or community college in the United States that considers you in full-time attendance according to its standards for day students. If you attend high school or a trade or vocational school, you're a full-time student if:

- ○ The school considers you in full-time attendance; and
- ○ You're enrolled for at least 20 hours a week in a course of study lasting at least 13 weeks.

You cannot get student checks, however, if an employer asked or required you to attend school and pays you for doing so. Nor can you receive checks if you are incarcerated for conviction of a felony committed after October 19, 1980.

Schools that qualify

Through July 1982, schools qualified for Social Security purposes include all of the following:

- ○ A high school, or a vocational or trade school, that is supported or operated by a State or local government or by the Federal Government.
- ○ A State college or university or a community college.
- ○ A private school or college approved by a State or accredited by a nationally recognized or State recognized accrediting agency.
- ○ An unaccredited private school or college if at least three accredited schools or colleges accept its credits on transfer as if the credits were from an accredited school.

Schools outside the United States may qualify under certain circumstances. Contact any Social Security office for information about a particular school.

Beginning in August 1982, the only school that will qualify is one providing secondary or elementary education under the laws of the State or other jurisdiction where it is located. No longer included will be colleges or other post-secondary schools or vocational or trade schools.

When student benefits start

If you now get Social Security checks as a child, you will receive a notice a few months before your 18th birthday. It will explain what to do to have your benefits continue if you plan to remain in school.

You must apply for benefits if you are a student who becomes eligible at age 18 or older. This may be when a parent starts receiving retirement or disability checks, or dies. Or you may have decided recently to resume your schooling.

You (or your parent or guardian) can apply for student benefits at any Social Security office. The following information will be needed:

○ Your Social Security number if you have one.
○ Name and address of the school.
○ Number of credit hours you carry if you attend a college, community college, or university. Or the hours each week that you are scheduled to attend high school or a vocational school.

When student checks end

When your monthly payments end will depend on what type of school you attend and on whether you first received checks before September 1981 or whether payments started later. See pages 2 and 3 for more information.

Reports are required

Twice a year—once near the start of the school year and once near the end—Social Security will send you a form to complete. It asks about school attendance and work activity. It is important that you complete this form and then take it to the school office. The registrar or other school official will verify your enrollment at the bottom of the form and return it to the Social Security Administration. *Your benefits will be stopped if the form is not completed and returned.*

How earnings can affect your checks

Earnings from a job or self-employment may affect your Social Security checks. Earnings for the *entire year* must be counted. This includes months both before and after benefits begin, as well as months after benefits end.

Here's how it works: In 1982, if you earn $4,440 or less, you'll get all your Social Security payments for the year. If you earn more than $4,440, then $1 in benefits will be withheld for each $2 you earn above that amount. You should notify the Social Security office if you think your earnings may go over $4,440.

The earnings of your parent on whose record you get Social Security checks may affect your benefits. For example, if your parent does not get a check for one or more months because his or her earnings are over the annual limit, then you won't get a check for those months either, even if you did not work.

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SOCIAL SECURITY information items

Recent changes trim some Social Security benefits

Recent legislation, the Omnibus Budget Reconciliation Act of 1981 makes a number of changes in Social Security and Medicare benefits designed to strengthen the financial stability of the Social Security system Most of the 36 million people currently receiving benefits will not be affected by the changes

The changes in general affect benefits that are no longer necessary because of the emergence of other programs, are not fully earned based on work under Social Security, or are otherwise not directly related to the original purpose of the Social Security program

Other Social Security measures are expected to be considered in the current session of Congress and would result in additional changes These measures primarily involve the financing of the Social Security system The current Social Security changes are summarized below Information on the Medicare provisions is on page 2

EDITOR'S NOTE: This edition of Information Items features changes in the Social Security law included in P L 97-35 (Omnibus Budget Reconciliation Act of 1981), signed by the President on August 13, 1981

Minimum benefit eliminated

The minimum benefit paid to workers and their dependents and survivors regardless of how low their average earnings were under Social Security has been eliminated Benefits for all people who become eligible for payments for months after October 1981 will be based solely on the worker's average earnings The provision will affect people now on the rolls, but not until March 1982, the check payable in April 1982

Many of the people affected by this provision receive other public pensions from work not covered by Social Security or are entitled to other Social Security benefits as spouses or dependents People now receiving the minimum benefit who have limited income and resources may be able to get supplemental security income (SSI) payments SSI payments can be made to needy people who are 65 or older or blind or disabled Also, the new law provides for SSI payments to people now getting the minimum benefit if they are between 60 and 65 and meet all other requirements for SSI payments

Student benefits phased out

Under the new law, payments to college or other post-secondary students now on the rolls will be phased out by April 1985 Payments for students attending college or post-secondary schools who first become entitled to Social Security benefits for September 1981 or later can be made only for months they attend school full time through July 1982 Thus, there will be no new entitlements for college or post-secondary students after July 1982

For students attending high school or elementary schools, payments generally will now end when the student reaches 19, effective with benefits for months after July 1982 (See story on page 3)

Lump-sum death payment

Under the new law the $255 lump-sum death payment can be paid only to an eligible husband, wife, or child Under the old law, in about 50 percent of the cases, the payment was going directly to the funeral home or the person who paid the funeral expenses

Mother's, father's benefits end when child turns 16

Under the new law, benefits to a mother or father caring for a child of a retired, disabled, or deceased worker will end when the child reaches 16 instead of 18 Benefits to the child will continue until he or she reaches 18 as under the old law

Parents who were getting benefits in August 1981 because they were caring for a child under 18 will continue to get benefits until the child reaches 18 or until September 1983, whichever comes first The new law is effective in September 1981 for people who become entitled to mother's or father's benefits after August 1981

The provision does not apply to parents who have a disabled child in their care

Cap on disability benefits

Under the old law, payments to a disabled worker under 62 who is also receiving workers' compensation could not exceed 80 percent of the worker's average earnings before he or she became disabled Under the new law, the offset will be expanded to include certain other public disability payments provided by Federal, State, and local programs, and the age at which the offset no longer applies is raised from 62 to 65

The offset will not apply to needs-based benefits, Veterans Administration disability benefits, private disability pensions or insurance benefits, or public employee pensions based on service covered under Social Security

The offset will apply to the first month the disabled beneficiary receives both Social Security and a public disability pension

The change is effective for people who first became entitled to disability benefits for months after August 1981, but only if they became disabled after February 1981

Earnings test exempt age

The annual earnings test limits the amount of earnings a person can have while receiving Social Security benefits

Continued on next page

U S Department of Health and Human Services/ Social Security Administration

4

[illegible]

December 1981

New rules for students benefits

Students receiving or expecting to receive Social Security benefits based on the work record of a parent who has retired, become disabled, or died should become familiar with the new rules on student's benefits. Social Security amendments passed last August will phase out student benefits to college students by 1985.

Students benefits have been paid to unmarried full-time students 18-22 since 1965. However, other college student aid has become available since then.

Under the new rules, students receiving benefits as of August 1981 who begin post-secondary school before May 1982 will, in general, continue to get payments through April 1985, but at a reduced rate. The benefit will be reduced by 25 percent each year beginning with the October 3, 1982, check until the benefit is completely eliminated or the student otherwise becomes ineligible.

In addition, benefits to these students will no longer be paid for the summer months—May, June, July, and August—even if the student attends school during those months. Also, these students will no longer receive the annual cost-of-living increase as do other beneficiaries.

Students who first become eligible for benefits for September 1981 or later will get checks only for months they attend school full time through July 1982. No checks will be paid to these students based on attendance at a post-secondary school for any month after that.

Benefits will continue to be paid to children of retired, deceased, or disabled workers until they reach 18, or age 19, if they are attending high school.

People who need more information on students benefits can get a free copy of the pamphlet, *Social Security checks for students 18-22* at any Social Security office.

Right to representation

People have the right to be represented by a person of their choice in any business they have with the Social Security Administration.

People who appoint a representative are responsible for paying the representative if he or she charges a fee. The fee must be approved by the Social Security Administration. For information about what a representative can and cannot do and how much he or she may charge, ask any Social Security office for the leaflet, *Social Security and your right to representation*.

About Information Items

"Social Security Information Items" is published to help meet the information needs of organizations interested in Social Security insurance programs, Medicare, supplemental security income (SSI), and aid to families with dependent children (AFDC).

Address changes, comments, suggestions, or questions should be directed to Information Items, Social Security Administration, Office of Information, Room 4-J-10 West High Rise Building, 6401 Security Boulevard, Baltimore, Maryland 21235.

Whatever your time of life...

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Social Security protects you.

That's why your Social Security Card is important to you. It answers the call in case the alarm rings for four basic needs. If you are disabled, it pays disability benefits. If someone you love and depend on dies, it provides survivor benefits. When you retire, Social Security benefits help you enjoy the things you worked so hard for. And when you reach 65, or you've been getting Social Security disability checks for at least two years, Medicare helps pay the hospital and medical bills.

If you have any questions about your Social Security protection, call your Social Security Office. It's listed in the phone book under Social Security Administration.

SSA PROGRAM CIRCULAR

Public Information

No. 805 Section Publications Date September 1981

Please circulate copies of this PIPC to all staff members.

SPECIAL INFORMATION PACKAGE ON 1981 AMENDMENTS

Attached are news releases and a radio spot announcement explaining key provisions of the Social Security and Medicare Provisions contained in the Omnibus Budget Reconciliation Act of 1981.

ATTACHMENT

DISTRIBUTION: All Regional Commissioners
All Assistant Regional Commissioners, FO, FA, M&B, and Programs
All RCALJ's, OHA
All ALJIC's. OHA
All Regional Medicare Directors, HI
All Directors, Program Service Centers
All District, Branch and Teleservice Center Managers
All Area Directors
All Resident Stations

RETENTION DATE: January 1, 1982

newspapers

From: (Name)
(Title)
(Address)
(Phone)
For release (Date)

STUDENTS BENEFITS CURTAILED

Social Security benefits to students 18-22 attending colleges and other post-secondary schools will be sharply curtailed under a recently enacted law, (name), Social Security district manager in (locality), said recently.

First, children who become eligible for Social Security benefits after July 1982 will not receive post-secondary school students benefits.

Second, post-secondary school students who first become eligible for benefits in the period September 1981 - July 1982 will only receive benefits through July 1982 (one month for some students).

Finally, students currently receiving benefits (or child beneficiaries who begin their college or post-secondary education before May 1982) will receive limited students benefits.

Benefit rates for students who are eligible for continuing benefits will be frozen at the July 1981 level, (name) said. Furthermore, these rates will be reduced 25 percent each year starting with August 1982, and benefits cannot be paid to students

(MORE)

during May, June, July or August starting in 1982. As a result, no further student benefits will paid after April 1985.

Beginning August 1982, elementary and secondary school students can receive benefits as under the old law, except that no benefits can be paid for months in school terms after a child reaches 19. Benefits to children who are not students will end at 18 as before.

More information about student benefits and other changes in the law can be obtained at the _(name)_ Social Security office, located at (address). The telephone number is (phone number).

###

From: (Name)
(Title)
(Address)
(Phone)
For release (Date)

YOUR SOCIAL SECURITY (column) December 1981 No. 2

Social Security Changes Affect Many Students

By (name)

Social Security District Manager in (locality)

Do you receive Social Security checks as a student 18 to 22 (or expect to soon)? If so, a recent change in the law limits the amount and duration of those benefits.

Checks to unmarried full-time students, first paid in 1965, are paid when a parent insured under Social Security dies or starts receiving retirement or disability payments. Because of other student aid programs established since 1965, however, Social Security student benefits will be gradually phased out.

(MORE)

How you may be affected depends on whether you were entitled to a monthly check for August 1981--the month the law was changed--or whether entitlement started after that month:

1. ENTITLED TO A CHECK FOR AUGUST 1981 - If you are or soon will be a student at a college or other approved post-secondary school, payments generally can continue until you finish school, reach age 22, or through April 1985 whichever comes first. But you must be in full-time attendance before May 1982. In addition, the new law makes these changes:

- You won't get checks for May, June, July, or August starting in 1982 even if you attend school those months.
- You won't be eligible for future benefit increases as will other beneficiaries.
- The amount of future payments will be gradually reduced: 25 percent less starting with the September 1982 check (due in early October); 50 percent less effective September 1983; 75 percent less effective September 1984; and no more checks for months after April 1985.

If you are a high school student and will not be in full-time attendance at a college or other approved post-secondary school before May 1982, your benefits will end the same as for those who start getting benefits after August 1981.

(MORE)

2. First ENTITLED TO A CHECK AFTER AUGUST 1981 AS A STUDENT 18 to 22 - In general, monthly checks can be paid only for months you attend college, high school, or other approved school through July 1982. EXCEPTION: If you are still in high school after July 1982, checks can continue up to the month you're 19 or until the end of the semester or quarter in which you become 19, if later. If your school is not on a semester or quarter basis, checks can continue until you complete the course or for 2 months after the month you reach 19, whichever is first.

If you have any questions about the changes in student benefits, contact any Social Security office. For information about other possible sources of financial aid, see your financial aid or admissions officer (if in college or other post-secondary school) or your guidance counselor (if in high school).

Q. I'm a 19-year-old college sophomore receiving Social Security checks. How long will my payments continue?

A. If you were entitled to checks in August 1981 (when the law was changed), payments can continue until you finish school, reach 22, or through April 1985--whichever comes first. If you became entitled in September 1981 or later, then payments can be made only for months you attend school full time through July 1982.

(MORE)

Q. I received Social Security checks as a child from 1977 to this October when I turned 18 and haven't decided whether to continue my education. Must I start college by a certain time in order for student benefits to be paid?

A. You must be attending school full time before May 1982 to be eligible for benefits as a student.

Q. I've been getting Social Security checks as a college student for the last 2 years and was thinking of attending school next summer. Can I receive payments for summer months?

A. Starting in 1982, no student benefits are payable for May, June, July, or August even if the student attends school.

Q. I heard that my son's student benefit may be reduced next fall and that he won't get a cost-of-living increase either. Will Social Security payments to me and my two other children (both under 18) also be affected?

A. Only benefits to students 18 to 22 will be affected by the recent changes in the law. As a result, however, benefits to other dependents may be increased.

###

1281-14

radio

PUBLIC SERVICE ANNOUNCEMENT

From: (Name) ____________________

(Title) ____________________

(Address) ____________________ For use ____________, ____________
day date

(Phone) ____________________ through ____________, ____________
day date

STUDENTS' BENEFITS

Time : 20 Seconds

Words: 58

ANNCR: Are you a student, 18 to 22 years old, who's eligible for Social Security checks. Then you should know about some important changes in the Social Security program that will affect your benefits. Most students' benefits will be reduced starting next year. But to find out how the changes affect you, call or write any Social Security office.

###

1281-82

From: (Name)
(Title)
(Address)
(Phone)
For release (Date)

YOUR SOCIAL SECURITY (column) January 1982 No. 2

STUDENT BENEFITS

By (name)

Social Security District Manager in (locality)

As a result of legislation enacted in mid-1981, Social Security student benefits will be phased out for those attending post-secondary schools.

When student benefits were first provided in 1965, the rationale was that young people, 18 to 22 years of age, who were full-time students were as much dependent on their parents for their support as were children under 18 years of age or disabled. It was assumed at the time that students lost a source of support when a parent retired, became disabled, or died. However, the benefits were not related to any educational expenses incurred, to school performance, or to financial need.

(MORE)

The situation today is markedly different from what it was 15 years ago. Since that time, a number of programs have been established to provide assistance to college students based on their own and their families' financial condition. Among the Federally funded educational programs now available are the Basic Educational Opportunity Grants, Supplemental Educational Opportunity Grants, National Direct Student Loan Program, and Guaranteed Student Loan Program.

The change in the law will affect about 600,000 post-secondary school student beneficiaries--65 percent in 4-year colleges and 23 percent in 2-year colleges. The remainder attend technical, graduate, and business or secretarial schools.

The new law defines an educational institution as an elementary or secondary school. Benefits will not be paid to students who begin attending a post-secondary school after April 1982.

Benefits to students who were entitled as of August 1981 and were attending a post-secondary school before May 1982 will be phased out in order to minimize the financial impact on those whose plans for pursuing their education were based on receipt of Social Security benefits.

Additional information about changes in the law regarding educational benefits can be obtained from any Social Security office.

(MORE)

Q. My son is 18 and a high school student. He has been receiving student benefits since my husband died. Will he continue to receive them under the new law?

A. Benefits being paid to high school students will end at age 19, effective for months after July 1982.

Q. My daughter became entitled to student benefits in September 1981. How long will she continue to receive these benefits? She is 20 years old and in college.

A. If your daughter is a full-time college student, she can receive such benefits only through July 1982. Contact your Social Security office for more detailed information.

###

182-11

TELEGRAPHIC MESSAGE

NAME OF AGENCY	PRECEDENCE ACTION INFO. P	SECURITY CLASSIFICATION UNCLASSIFIED
ACCOUNTING CLASSIFICATION HWSS	DATE PREPARED 8/13/81	TYPE OF MESSAGE ☐ SINGLE ☐ BOOK ☒ MULTIPLE-ADDRESS
FOR INFORMATION CALL		
NAME JIM BROWN, PRESS OFFICER	PHONE NUMBER 472-3060/934-2200	

THIS SPACE FOR USE OF COMMUNICATION UNIT

MESSAGE TO BE TRANSMITTED (Use double spacing and all capital letters)

TO: HAVE A PRIMARY INSURANCE AMOUNT OF AS MUCH AS $170.30) WILL HAVE THEIR BENEFITS RECOMPUTED EFFECTIVE FOR MARCH 1982 (APRIL 3 CHECK). SUCH CURRENT BENEFICIARIES AGE 60-64 MAY APPLY FOR A SPECIAL SSI PAYMENT AND CAN RECEIVE A PAYMENT EQUAL TO THE AMOUNT OF REDUCTION IN THEIR SOCIAL SECURITY BENEFIT IF THEY MEET ALL SSI ELIGIBILITY REQUIREMENTS, OTHER THAN AGE. INDIVIDUALS WHO QUALIFY FOR THIS SPECIAL SSI PAYMENT WILL NOT RECEIVE FUTURE SSI COST-OF-LIVING ADJUSTMENTS NOR WOULD THEY BE ELIGIBLE FOR A STATE SSI SUPPLEMENT OR OTHER BENEFITS SUCH AS MEDICAID.

STUDENT BENEFITS

THESE BENEFITS WILL BE DISCONTINUED TOTALLY FOR POST-SECONDARY STUDENTS AFTER APRIL 1985. INDIVIDUALS 18 OR OLDER WHO START POST-SECONDARY SCHOOL BEFORE MAY 1982 AND WHO ARE ENTITLED TO A CHILD'S BENEFIT FOR AUGUST 1981 MAY CONTINUE TO RECEIVE BENEFITS. HOWEVER, THE BENEFIT AMOUNT WILL BE REDUCED 25 PERCENT BEGINNING IN SEPTEMBER 1982 AND BY AN EQUAL AMOUNT

PAGE NO.	NO. OF PGS.	SECURITY CLASSIFICATION
2	6	UNCLASSIFIED

STANDARD FORM 14
REVISED AUGUST 1967
GSA FPMR (41 CFR) 101-35.306

TELEGRAPHIC MESSAGE

NAME OF AGENCY	PRECEDENCE ACTION INFO: P	SECURITY CLASSIFICATION UNCLASSIFIED
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NAME JIM BROWN, PRESS OFFICER	PHONE NUMBER 472-3060/934-2200	

THIS SPACE FOR USE OF COMMUNICATION UNIT

MESSAGE TO BE TRANSMITTED (Use double spacing and all capital letters)

TO:

IN SEPTEMBER OF EACH OF THE NEXT TWO YEARS. IN ADDITION, NO FURTHER COST-OF-LIVING INCREASES WILL BE PAID NOR WILL ANY BENEFITS BE PAID FOR MAY THROUGH AUGUST FOR THESE POST-SECONDARY STUDENTS.

PERSONS WHO FIRST BECOME ENTITLED TO CHILD'S BENEFITS AFTER AUGUST 1981 CAN RECEIVE SUCH BENEFITS AT AGES 18-21 WHILE ATTENDING POST-SECONDARY SCHOOL, BUT ONLY THROUGH JULY 1982.

INDIVIDUALS AGE 18 BUT UNDER 19 WHO ARE NOW IN ELEMENTARY OR HIGH SCHOOL WILL CONTINUE TO RECEIVE BENEFITS IN THE FUTURE BUT THOSE AGED 19-21 WILL RECEIVE THEM ONLY THROUGH JULY 1982.

LUMP-SUM DEATH PAYMENT

FOR DEATHS AFTER AUGUST 1981, THIS PAYMENT WILL ALWAYS BE MADE TO A "LIVING WITH" SPOUSE. IF THERE IS NO "LIVING WITH" SPOUSE, IT WILL BE PAID TO A SPOUSE (EXCLUDING A DIVORCED SPOUSE) WHO IS ELIGIBLE FOR A SURVIVOR BENEFIT FOR THE MONTH THE WORKER DIED. IN THE ABSENCE OF SUCH A SPOUSE, THE PAYMENT

PAGE NO 3	NO. OF PGS. 6	SECURITY CLASSIFICATION UNCLASSIFIED

STANDARD FORM 14
REVISED AUGUST 1967
GSA FPMR (41 CFR) 101-35.306

TELEGRAPHIC MESSAGE

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FOR INFORMATION CALL		
NAME JIM BROWN, PRESS OFFICER	PHONE NUMBER 472-3060/934-2200	

THIS SPACE FOR USE OF COMMUNICATION UNIT

MESSAGE TO BE TRANSMITTED *(Use double spacing and all capital letters)*

TO: MAY BE MADE TO CHILDREN WHO ARE ELIGIBLE FOR SURVIVOR BENEFITS IN THE MONTH OF DEATH. IN OTHER CASES, NO PAYMENT WILL BE MADE.

TERMINATION OF MOTHER'S AND FATHER'S BENEFITS WHEN YOUNGEST CHILD REACHES AGE 16.

ENTITLEMENT TO BENEFITS AS A MOTHER OR FATHER CARING FOR A CHILD WILL END WHEN THE YOUNGEST CHILD REACHES AGE 16 (IF THERE IS NO DISABLED CHILD RECEIVING BENEFITS). THE PROVISION IS EFFECTIVE FOR SEPTEMBER 1983 FOR BENEFICIARIES WHO COME ON THE ROLL BEFORE SEPTEMBER 1981, BUT IMMEDIATELY FOR PARENTS WHO BECOME ELIGIBLE AFTER AUGUST 1981. CHILD'S BENEFITS ARE NOT AFFECTED.

EARNINGS TEST EXEMPT AGE

EARNINGS TEST WILL CONTINUE TO APPLY TO BENEFICIARIES UP TO AGE 72 THROUGH 1982, INSTEAD OF DROPPING TO 70 IN 1982. IT WILL BE LOWERED TO AGE 70 IN 1983.

PAGE NO	NO OF PGS	SECURITY CLASSIFICATION
4	6	UNCLASSIFIED

STANDARD FORM 14
REVISED AUGUST 1967
GSA FPMR (41 CFR) 101-35.306

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TELEGRAPHIC MESSAGE

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FOR INFORMATION CALL		
NAME JIM BROWN, PRESS OFFICER	PHONE NUMBER 472-3060/934-2200	

THIS SPACE FOR USE OF COMMUNICATION UNIT

MESSAGE TO BE TRANSMITTED *(Use double spacing and all capital letters)*

TO:

PAYING RETIREMENT BENEFITS BEGINNING WITH FIRST FULL MONTH OF ENTITLEMENT

RETIREMENT BENEFITS WILL NOT BE PAID FOR A MONTH UNLESS ALL FACTORS OF ELIGIBILITY ARE MET FOR THE ENTIRE MONTH. THIS PROVISION ESSENTIALLY APPLIES ONLY TO WORKERS AND SPOUSES CLAIMING BENEFITS IN THE MONTH WHEN THEY BECOME 62 (SO THAT THEIR FIRST BENEFIT WILL BE FOR THE NEXT MONTH) AND IS EFFECTIVE FOR WORKERS AND SPOUSES WHO ATTAIN AGE 62 AFTER AUGUST 1981.

DISABILITY "MEGACAP" AND WORKERS' COMPENSATION OFFSET.

AN INDIVIDUAL'S SOCIAL SECURITY DISABILITY BENEFIT, INCLUDING BENEFITS FOR FAMILY MEMBERS, WILL BE REDUCED SO THAT COMBINED FEDERAL, STATE AND LOCAL GOVERNMENT DISABILITY BENEFITS AND SOCIAL SECURITY BENEFITS DO NOT EXCEED 80 PERCENT OF THE INDIVIDUAL'S "AVERAGE CURRENT EARNINGS." VETERANS ADMINISTRATION BENEFITS AND DISABILITY BENEFITS BASED ON NEED OR ON WORK COVERED UNDER SOCIAL SECURITY WILL NOT BE TAKEN INTO ACCOUNT FOR THE OFFSET.

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TELEGRAPHIC MESSAGE

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FOR INFORMATION CALL		
NAME JIM BROWN, PRESS OFFICER	PHONE NUMBER 472-3060/934-2200	

THIS SPACE FOR USE OF COMMUNICATION UNIT

MESSAGE TO BE TRANSMITTED *(Use double spacing and all capital letters)*

TO:

SUCH OFFSET WILL BE EXTENDED TO DISABLED WORKERS AGED 62-64 AND WILL BEGIN WITH THE MONTH OF ENTITLEMENT TO OTHER DISABILITY BENEFITS RATHER THAN MONTH OF APPLICATION OR MONTH OF NOTICE AS UNDER PRIOR LAW. THESE CHANGES ARE EFFECTIVE FOR MONTHS AFTER AUGUST 1981 FOR WORKERS WHO BECAME DISABLED AFTER FEBRUARY 1981.

PAGE NO.	NO. OF PGS.	SECURITY CLASSIFICATION
6	6	UNCLASSIFIED

STANDARD FORM 14
REVISED AUGUST 1967
GSA FPMR (41 CFR) 101-35.306

Chairman PICKLE. Mr. Simmons, let me expand on this aspect of the notification just a wee bit more. Then I won't hold you.

I am going to give you some examples now of situations that will be occurring. This is primarily in the category of those who could get notices 5 months before the time they reached the 18-year period.

Let me give you the examples and you tell me how you currently plan to notify these students about the changes in the student benefit program. Then explain what will happen to the benefits. You don't have to go into detail. You may want to submit me additional explanations.

First, someone who is now a freshman in college.

Mr. SIMMONS. The one who is now a freshman? That person will receive this mailing at the end of this month. He will get the double notification at the end of this month at the time of the annual review.

It is a form that asks: What are your plans for next year?" In that form there is an explanation of the law on the back side and then there will be the brochure, also.

Chairman PICKLE. That is the only notice that that person will get?

Mr. SIMMONS. In the spring, in May, he will get a second notice saying that: "Under the new act, this is to remind you that your benefits are not payable for the 4 summer months."

Chairman PICKLE. I would summarize again by saying that I hope that you have a form or revised form with an accompanying pamphlet that is in high school layman's language that they will understand and notice immediately what the changes are.

I would also want you to know this committee is concerned that you don't hold back because it might cost you $1 million.

Mr. SIMMONS. No, sir, that is not the point on this.

Chairman PICKLE. I will tell you, this committee is going to insist you not let that be a factor.

Secondly, how would you handle someone who is now a senior in high school?

Mr. SIMMONS. If that person is 18 or about to become 18, he or she they will get the notification also at the end of this month.

Chairman PICKLE. This is that form with pamphlets? You are going to revise the form? Now you are going to target that senior?

Mr. SIMMONS. It will be those who are 17½ or older.

Chairman PICKLE. That will be that one category.

How are you going to handle someone who is in college now but whose parents died in August 1981?

Mr. SIMMONS. You mean before August 1981?

Chairman PICKLE. After August 1981. They would be entitled to benefits up until July 1982. How are you going to handle that person?

Mr. SIMMONS. They would generally be given—in that kind of case, they would get the information at the time they applied for benefits in the same way a person, say, age 70 to 72 is going to learn about the extension of the earnings test.

Chairman PICKLE. When they apply for benefits?

Mr. SIMMONS. Right.

Chairman PICKLE. You have no plan for notice otherwise?

Mr. **Simmons**. There would be no way for us to know that. We would not have them on the rolls until they come in and apply.

Chairman **Pickle**. That person might drop between the cracks?

Mr. **Simmons**. That is very possible. We would have no way of knowing who that person is until the event happens and he comes in and applies.

Chairman **Pickle**. How are you going to handle someone who was in college before but had dropped out for a year to work? He wasn't actually a student at the time and just had to go to work for a lot of reasons and wanted to come back into school.

Would that person just be eliminated? Would they lose their rights to participate in the program? They would have been eligible otherwise.

Mr. **Simmons**. If that person was receiving benefits in August 1981, under the terms of the act and then came back in and wanted to continue, then he would be a phaseout student, I believe. But if that person were not receiving benefits as of August 1981, and came back in, he would be notified then that he was no longer eligible.

Chairman **Pickle**. You all agree with that approach?

Mr. **Kirschbaum**. Yes.

Mr. **Simmons**. It is the only way we would have of notifying that person.

Chairman **Pickle**. How are you going to handle someone who is now 16 years of age?

Mr. **Simmons**. That person will not be notified officially or directly until that person becomes 17½ and then gets the normal notification.

Chairman **Pickle**. It seems the key to many of these questions is that up to now the only way people have to find out just what is about to happen to them is through the news media. They received no letter. What information you have put out has been erroneous in two districts.

I would just conclude to you that you don't need a directive from the Congress that you ought to do one, two, three, four. You know what your responsibilities are. We must be more aggressive about it, in my opinion.

I don't get into the question of whether we ought to try to tell these students to get interested in college before May 1. I have to accept Congress did pass Gramm-Latta. It is the law. What we must do now is bend over backwards to get notice out to these students.

I would hope the administration would be as aggressive as possible and do many things and not the minimum of things. Otherwise, we are going to have a great deal of damage done to the educational system.

I am just distressed by the Secretary of HHS, who testified to us that we ought to have a council appointed by the President on a Cabinet level to study problems in the educational field.

So far as I know, none of these councils were ever appointed nor has anything ever been discussed about it other than a conclusion now we are going to cut education all the more. That is not your jurisdiction, but it certainly relates to the whole educational system.

What could happen here is we cut out all student benefits, phase them out over 3 years' time. As those students will be asking for additional funds and will be going to these colleges and that number then from all across the board will be doubled because they are looking for aid, the student loan officers are going to be frightened about their prospects. We have to have a better balance.

I would hope the administration would not recommend these severe additional cuts in the educational programs until we have had a chance to see how this student benefit program is going to interact with the overall educational program. We need time rather than just saving dollars right now. We will be making that point, of course, to them.

Mr. Secretary, I thank you.

We are going to hear witnesses now from the GAO, from the other institutions over the country. I hope you will be able to stay to hear them. Thank you very much for your testimony.

[The following was submitted for the record:]

THE COMMISSIONER OF SOCIAL SECURITY,
Baltimore, Md., April 14, 1982.

Hon. J. J. PICKLE,
Chairman, Subcommittee on Social Security, Committee on Ways and Means, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for additional information arising from the February 5, 1982, hearing of the Subcommittee on Social Security of the Committee on Ways and Means with respect to the implementation of the student benefit provisions of the Omnibus Budget Reconciliation Act of 1981. I am enclosing responses to the six questions that you asked us to address. Please let me know if I can be of further help

Sincerely,

JOHN A. SVAHN.

Enclosure.

1. In hearings before this Subcommittee February 19, 1981, Secretary Schweiker referred to "Cabinet councils" that would be set up by certain groupings to review the overall effects of cuts in various areas. He said "I would certainly mark this as an area that we should look at to make sure that people do not fall through the cracks and get hurt by what we have done." Was such a group even formed? If not, why not?

RESPONSE

A number of Cabinet councils have been set up, one of which—the Cabinet Council on Human Resources—is chaired by the Secretary of Health and Human Services. These councils carry out a variety of functions, including performing ad hoc reviews of selected problem areas. Education matters have been and are being discussed in the Cabinet Council in Human Resources.

2. In your December 29, 1981 Program Circular, an example of the computations required by this change in the student benefit is given. Most of the recomputation results from the 25 percent reduction and the summer cutoff as opposed to straight phase out. I note no fewer than four different calculations are required: the original calculation for the worker, two younger dependents, and the student; then in May 1982 when student benefits are suspended, the student receives nothing and the two younger dependents' benefits must be adjusted; again in June, the cost-of-living increase is added to the benefit of the family; in less than two months (August 1982) the student benefit must be recomputed for the fall term taking into account the 25 percent reduction.

(1) Has anyone in SSA calculated the number of man hours and the number of hours of computer time the computations will require?

RESPONSE

The student benefit provision will amount to an overall net savings to the Social Security Administration (SSA) of 100 work-years in fiscal year 1982 and 500 work-years in fiscal year 1983. These savings will increase in fiscal year 1984 and fiscal year 1985 as the student benefits are phased out. The administrative costs in implementing the student phaseout provision (which were considered in arriving at these overall net work-year savings) are as follows:

The supension of benefits in May and reinstatement at a lower rate in August (with corresponding adjustments in other family member's benefits) will be primarily a computer operation and will require 610 hours of computer time each year (fiscal year 1982–1985) at a cost of $22,500 each year. The personnel time and cost related to this computer processing is 1.5 work-years and $47,800.

There will be some cases that will require a manual action to adjust the benefits to a lower rate in August. This activity will require 91 work-years ($1.9 million) in fiscal year 1982 and 65 work-years ($1.4 million) in fiscal year 1983. Expenses will be less in fiscal year 1984 and fiscal year 1985 as the student population declines, but we do not have estimates for those years

The other calculations mentioned in the question—the original calculation and the cost-of-living adjustment (COLA)—would be required without the change in the student benefits.

(2) Given the computer situation, can you do these benefit computations and get the cost-of-living adjustment out?

RESPONSE

Yes we can. Despite SSA's computer and systems problems, we anticipate being able to conduct all of the student computation processes and the COLA's in a timely and effective manner. The need to do these operations in the April-September 1982 period has been carefully evaluated and factored into our computer operations planning for some time now, and we believe that major problems will not occur. However, because of our computer situation, the student operations and the COLA will be more time-consuming and labor-intensive than they would otherwise be. Thus, it may be necessary to adjust other workload schedules and to accommodate nonoperational periods in our regular operations.

The planning and development of the computer processes needed to handle the student phaseout provisions have been underway since the fall of 1981. Every aspect of the student operations and most of our title II (retirement, survivors, and disability insurance) operations have had to be modified in some way; i.e., to capture, react to, or process the data needed for these student provisions. All of the changes are now nearing completion; we continue to be on schedule and believe we will be able to successfully complete all of these operations, as well as the COLA.

(3) Do you have a ballpark estimate of the errors, overpayments, and underpayments we can expect?

RESPONSE

The computer programs to conduct these student phaseout operations are currently in various stages of development and testing, and all will be comprehensively validated before being implemented. Consequently, we do not anticipate much error; however, much will admittedly depend upon the timeliness and accuracy of information provided to us by the students and schools.

We have been collecting the needed student data from forms completed by the students on an ongoing basis since last September, and we recently mailed end-of-school year forms to virtually all students and included information about the phaseout provisions. The data on these forms when returned will be critical to the student operations.

In situations where either the schools or students do not provide all needed data, our approach is to minimize overpayments by suspending benefits until the case is reviewed and the information obtained. The need to expeditiously process these cases has been included in our overall operational plans. While as many as 20 percent of the cases may require some form of manual processing, we do not expect any large number of overpayments or underpayments to result.

(4) How much does each recomputation cost in terms of administrative expenses?

RESPONSE

There will be two actions per student beneficiary annually (one suspension in May and either a termination or reduction in benefits in August). Each action will cost approximately $1.40 considering both computer costs and the cost of manual adjustments. The total cost for fiscal year 1982 is approximately $2 million.

3. In your testimony you cite budget restrictions as one reason for not putting out adequate notice to affected beneficiaries. Yet the recent cuts in SSA's administrative budget in the continuing resolution, and in the September budget requests, were requested by the Administration—didn't you take into account the need to provide notice of such an unprecedented benefit cut to children who obviously needed time to make alternative arrangements for their education?

RESPONSE

Provisions were made in SSA's administrative budget for notification efforts we saw as adequate and we think that the steps that have been taken are adequate. SSA did not plan on notifying each child beneficiary or all Social Security beneficiaries of the changes in the student benefit program, and the Treasury Department does not have the mechanical ability to identify a limited group of beneficiaries to receive notices as check stuffers. Therefore, we pursued other available avenues to reach affected beneficiaries, such as a vigorous public information campaign and selected individual notification process. Consequently, we did not include money in the budget for mass notifications.

4. Social Security student benefits of over $2 billion a year account for about ⅕th of student aid totals. Yet the Administration estimated in its 1982 budget message that increases in the Pell grant offsetting the elimination of the student benefit would amount to no more than $100 million. Do you still feel this is true or are your current estimates higher or lower?

RESPONSE

The direct comparison of these figures is misleading. One of the basic reasons the Congress approved the elimination of the Social Security student benefit is that it goes to students who are not needy. The increase in Pell grants is intended to target on students who are in need. In addition, approximately 24 percent of Social Security student beneficiaries are either in high school or graduate school and thus are not eligible for the Pell grant.

5. In September, I understand that 1300 social security offices were sent (for distribution to the media) a special package of news releases including a news column on the student benefit change.

What was the result? Did the local papers use this information? Did the local social security offices pass it on to the media?

RESPONSE

We do not have data on how many newspapers use our releases on a special topic for a particular month. However, the results of a 1980 survey on media use of Social Security materials showed that well over 5,000 newspapers use our materials every month. We believe that virtually all of the more than 1,300 offices asked the media to use the amendment materials released in September and subsequent months, but we have not attempted to estimate how many offices were successful in placing the materials.

Since September, we have covered the student benefit provision in various materials we prepare for field office placement each month, including news releases, byline columns for local office personnel, questions and answers (for newspaper use), and radio public service announcements. We expect that the materials on student benefits received relatively high usage because of the public interest in the information.

6. You cite a savings of $10 billion from the elimination of the student benefit in calendar years 1982-1986.

Does this figure take into account payments made during the phase out as well as offsetting increases in other family benefits or are you using the gross estimate?

RESPONSE

The estimate of savings that result from the student benefit provision does take into account payments made to postsecondary students who continue to get reduced benefits under the phaseout provisions and offsetting increases in other family benefits.

Chairman Pickle. Now the Chair will ask representatives of the General Accounting Office, Mr. Gregory J. Ahart, Director of the

Human Resources Division, and Mr. Joseph Kredatus. He is the evaluator, Philadelphia Regional Office.

STATEMENT OF GREGORY J. AHART, DIRECTOR, HUMAN RESOURCES DIVISION, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY JOSEPH KREDATUS, EVALUATOR, PHILADELPHIA REGIONAL OFFICE

Mr. AHART. I am Director of the Human Resources Division here in Washington, D.C.

Chairman PICKLE. Mr. Kredatus is the evaluator of the Philadelphia regional office.

Mr. AHART. Mr. Chairman, I have a very brief statement, which I would like to read for the record.

In August of last year President Reagan signed into law the Omnibus Budget Reconciliation Act, which included among its many provisions legislative changes designed to phase out postsecondary student benefits under the Social Security Act and to reduce to age 19 the delimiting age for such benefits to secondary school students.

This legislative action is basically consistent with recommendations we made in a report issued in August of 1979 based on our study of student benefits under the Social Security Act. Our recommendations were offered in the context of quite a number of considerations, which we detailed in that report.

Of concern at the present time is whether present and potential beneficiaries who will be directly affected by the legislative change will be adequately informed of how the change affects them and whether they will be informed in sufficient time to allow them to effectively plan their future in the light of the changes.

We have looked into this matter only briefly within the past few days and have not had an opportunity to fully review what the Social Security Administration has done or plans to do, or to fully explore what options the agency could have pursued and might pursue now to best inform people affected.

Based on our limited inquiry, we understand that although it had no legislative mandate to do so, the Administration has conducted an information campaign designed to generally inform the public concerning the changes in the student benefit program.

The campaign has included distributing, through local social security offices, pamphlets which explain the changes, as well as distributing news releases, radio announcements and draft news articles and columns for distribution throughout the country.

It has also, since September 1981, sent a monthly newsletter including dicussion of the student benefit changes to about 5,000 large groups and organizations, including many in the field of education.

The Social Security Administration has stated that it has continued its normal practices of contacting all child beneficiaries 5 months before their 18th birthday to determine if they plan to continue in school and that it has informed them of the student benefit program changes at the time of that contact.

In addition, near the end of this month the agency plans to send to all present student beneficiaries direct notification of changes in the law as a part of its regular school attendance verification reporting process.

In addition to the Social Security Administration's direct actions, there has been, of course, considerable press coverage concerning the various changes included in the omnibus reconciliation law, including discussion of the changes in the student benefit program.

Social Security Administration officials acknowledge two problems with their efforts. First, information releases to the newspapers which specifically highlighted the student benefit changes did not occur until December 1981. Second, in an undetermined number of cases the pamphlets sent to those approaching age 18 were outdated pamphlets which did not reflect the legislative changes.

It is quite probable that this latter mistake misled some students and the Social Security Administration, until last night, had not yet decided if or when to recontact the students to rectify any possible misunderstanding. I understood Mr. Simmons to say they have now decided to make that specific notification to the students who have been misinformed.

These outdated pamphlets were apparently sent out from the processing centers in Kansas City and Birmingham, some apparently as late as December 1981 or January 1982.

As I stated, we have not had an opportunity to fully assess the Social Security Administration's actions and planned actions to adequately inform the persons affected by the changes in the student benefit program.

We have examined the updated pamphlets on student benefits and the newspaper releases, spot radio and television announcements and program circulars. In our judgment, these materials appear to accurately describe the changes enacted.

We are concerned, of course, with the fact that misleading information was sent to at least some persons. If I understand Mr. Simmons correctly, that will be rectified.

With respect to persons already in the program, we tend to believe that if the Social Security Administration carries out its plans to send specfic notification to each individual within the month or so, as part of its attendance verification process, it will have carried out its responsibility with respect to this group for adequate notification.

That leaves for consideration those child dependents who are not yet 18 and are not due to receive in the near future under normal practice—5 months before their 18th birthday—information concerning the student benefit program.

We believe that there may be options which should be explored for targeting individual notices to these persons to insure that they are adequately informed concerning the legislated changes. If the subcommittee believes that additional options along these lines should be explored by the Social Security Administration, we would be happy to work with the Administration in exploring those options.

This completes my statement. We would be happy to respond to any questions that you or any of the members of the subcommittee may have.

Chairman PICKLE. Mr. Kredatus, we would be glad to hear from you.

Mr. AHART. Mr. Kredatus does not have a separate statement, Mr. Chairman.

Chairman PICKLE. Mr. Kredatus has appeared before us before. We would welcome any statement from him.

In essence, you are saying that you have examined the letters and the forms, the pamphlets, the printed material that they plan to send out and you are satisfied that that is sufficient?

Mr. AHART. We are satisfied what is included in those is an accurate relating of the changes that were made, Mr. Chairman. It does not, I think—the point that you made in our discussion with the last witness—put banner headlines on those changes.

The pamphlet that is going out to those people as part of the annual verification—the student attendance verification process—that pamphlet is separate from that and should highlight that to the students.

We are satisfied it is accurate and that if they carry through on their plans, the people that are presently in the program will be adequately informed.

Chairman PICKLE. You do say that you believe that there may be options which should be explored for targeting individual notices to those persons to assure that they are adequately informed concerning the legislative changes. You are talking about the students who are not yet 18 who would be receiving benefits in the future?

Mr. AHART. That is correct.

Chairman PICKLE. I take that to mean that you recognize that that is a large number of students and they may not know what to expect. There are changes. We ought to have some targeted mailings?

Mr. AHART. Yes. What we have in mind there, Mr. Chairman, a lot of student beneficiaries are child beneficiaries that have not yet come up on the age 17 and 7 months and will not get specific notification. They and their families, if they are beneficiaries under the act, need to have advanced planning.

It might well be worth the expense to sort out those people and send them specific notification to make sure that they are not inadvertently expecting benefits when those children reach college age that they would not get.

Chairman PICKLE. Here is a family who has a son in high school and for 10 years they have been planning on going to a university or college based on the survivor's benefits program. Now that they are in high school, that is cut off. Their means of getting an education has been shattered.

Do you think it is enough to assume they will get these notices? Should we target individual mailings to all those students? It will be some expense, but surely that would be done.

From an accounting standpoint, is that a very difficult matter?

Mr. AHART. I think it is a matter of time and computer capacity to do it. I think Mr. Simmons indicated that it would be a question of sorting from the master beneficiary record those families with child dependents and specifically notifying those family units what has been changed and that when their children reach age 18, there will not be student benefits available.

Chairman PICKLE. Mr. Ahart, in your 1979 report to the Congress, 18.5 percent of the social security student beneficiaries were cited by you as receiving more money from social security alone than was required to meet the normal cost of schooling. You said that 46 percent were drawing basic grants in social security, getting more than the school costs warranted.

Given current economic conditions, the cuts in other benefits and the basic economic needs, would those figures still hold true? Would you have any way to know? Would you say basically this is still correct?

Mr. AHART. We don't know what the current situation is on that, Mr. Chairman. We cited those statistics by way of demonstrating that the benefits provided under social security are not really well targeted to people that need those benefits to pursue their education.

They were not well coordinated with the other student assistance programs, which for the most part were enacted after the social security benefits were enacted, and we felt and so recommended that the people that really needed money to pursue their education would be better served by funds that were targeted for people that needed it as opposed to having it as an add-on to the Social Security System without regard to need, and without regard to the cost of education that would be incurred by those specific individuals.

Chairman PICKLE. The key question on all this is really a matter of providing for education. Regardless of your philosophy or regardless of the need test or targeted aspect, the fact is the change was made. Notification should be given to every individual as quickly as possible.

Wouldn't you agree that is a basic premise we should work from?

Mr. AHART. I think that would be appropriate, Mr. Chairman.

Chairman PICKLE. Mr. Kredatus, you testified before the Oversight Subcommittee on previous occasions. You testified, or at least GAO testified, that they feel student benefits should be phased out because there are other student programs available.

At the time you based your recommendation on the fact that there were many other forms of student assistance that were available. They didn't exist when the social security student benefit program started back in 1965.

Today we are being told that the administration will recommend cutbacks in the Federal student assistance program as much as 20 to 30 percent. If they take that approach of making heavy cuts in the educational programs, would you have any second thoughts about your position that they ought to phase that out?

Mr. KREDATUS. Well, I think, Mr. Chairman, it is certainly a matter of concern, and as Mr. Ahart has stated, we do not know today whether those students who are social security beneficiaries are receiving aid in excess of their school costs in the same proportions as took place at the time of our review, but I certainly feel that is a matter of concern for these students.

I would like to point out that the social security student beneficiaries are among the most needy, as we have previously reported on.

I think 90 percent had less than $25,000 and 70 percent had less than $15,000 of family income.

This certainly makes them prime candidates for the Department of Education programs which, as you know, are based on need.

Now concerning the level of funding, whether it is going to be able to handle their full needs, we have not yet seen the administration's current funding levels for those programs but would again emphasize that there is certainly a matter of concern.

Chairman PICKLE. I want to say to both of you representatives of the GAO that we are going to ask you to stay in close touch with the SSA officers and this committee.

I want to maintain an ongoing review of notices, the mechanics, how they are handled, and we will maybe call on you for additional in depth studies, because we have got to emphasize notification as deeply as possible, that it be done as quickly as possible, so we will keep in touch with your office.

Thank you both very much for your testimony.

Chairman PICKLE. Now we will hear from Dr. Mallan.

STATEMENT OF JOHN P. MALLAN, VICE PRESIDENT FOR GOVERNMENTAL RELATIONS, AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES

Mr. MALLAN. First, Mr. Chairman, I agree with much of what has been said here about the need to notify college and high school students who are affected by this as soon as possible, by whatever appropriate means.

I believe another witness here today will suggest that one thing social security could do while straightening out its computers is to send some kind of mailing immediately to all college and high school guidance counsellors or their equivalents in the United States, possibly nationally, possibly through the district offices.

This would be a way of reaching a lot of people directly who may not have been reached yet.

I believe my association and other people in education would urge that this committee seriously consider extending the date at least to October 1 along the lines suggested by Congressman Solomon and others.

Otherwise, even with the best intentions and the best notification, a very large number of people will lose a benefit at a time when other student aid is likely to be cut very deeply, when the administrative and other problems connected with this past year's social security has simply made it impossible to plan for effectively for college.

I would stop on that note.

[The prepared statement and subsequent communication follow:]

STATEMENT OF DR. JOHN P. MALLAN, VICE PRESIDENT FOR GOVERNMENTAL RELATIONS, AMERICAN ASSOCIATION OF STATE COLLEGES & UNIVERSITIES

STATEMENT ON SOCIAL SECURITY STUDENT BENEFITS

The American Association of State Colleges and Universities (AASCU) very much appreciates this opportunity to present a statement on the issues involved in the phase-out of Social Security student benefits.

There are several separate issues as we see them:

(1) Are students who now receive these benefits receiving adequate notification that their benefits will be sharply cut starting this summer?

(2) Are high school seniors, who would have been eligible for up to four years of benefits, and their families receiving adequate notification that their eligibility ends May 1, 1982?

(3) What are the possibilities of retaining eligibility for high school seniors enrolling in college before May 1st?

(4) The "August 1981" question.

(5) Can other federal student aid make up for the losses in SSA benefits?

(1) *Notification to those now receiving aid.*—We have been informed by the Social Security Administration that such students will be notified in late February or early March. We believe that this is not adequate notice, since students will receive no aid for the four months of May, June, July, or August—one-third of the entire previous benefit—and benefits will be further reduced 25 percent per month in the fall. Many students will need to apply for additional federal, state, or institutional aid, or change their college plans. Other federal student aid is being cut back sharply, and students who apply late may not receive it at all. Many states may also cut back on state student aid.

We believe that all these students should have been informed by SSA last fall.

(2) *Notification to high school seniors.*—We are informed that SSA does not plan to notify these students or their families at all, until five months before their 18th birthday, and then only by the roundabout process of asking them to report college plans, and then getting in touch with them by an office visit or phone call (according to SSA).

The Social Security Administration says that last September, 1,300 district offices received materials for release to the media on these changes. However, since our own organization began to publicize this issue in December, we have received dozens of phone calls from colleges, high schools, the media, state officials, and distraught parents from all over the country saying that they know nothing about this.

Similarly, the offices of Members of Congress who sent out mailings, such as Representatives Peter Peyser and Thomas Downey, report phone calls and letters from a great many people. The professional organizations which represent high school and college guidance counselors also report that no one seems to know about this matter.

In other words, the SSA media campaign was a failure. The correct thing to do would have been to send a notification with the monthly check early last fall.

(3) *High school seniors enrolling in college.*—As word about the termination of benefits finally got attention in December, some high school seniors have managed to enroll in college before May 1st, or are making plans to do so. Some have been able to make arrangements to complete their high school work at the same time. Others may be able to do so next summer, or take an equivalency examination.

Many people were unaware that some colleges, notably community colleges, but some four-year institutions as well, will enroll students who have not completed their diplomas, under certain circumstances. Most educators would feel that this is not an ideal arrangement. However, it is the only way students can retain their SSA benefits.

There is an obvious inequity, however, since students in certain states, such as parts of Maryland, New York, and Michigan, appear to be taking advantage of this possibility, while those in other states may not hear of it, or may find high schools and colleges uncooperative.

(4) *The "August 1981" question.*—A technical, but important issue has been brought to my attention by the Director of Student Financial Aid at Williams College in Massachusetts. A student at that college had received SSA student aid his freshman and sophomore years. He dropped out to work the first semester of his junior year, which was the fall of 1981. On returning the second semester, he was informed by SSA that under the law, since he was not actually receiving the SSA benefit in August 1981, he had lost all eligibility for further aid. He was, of course, not aware of this when he dropped out, nor was the college. The SSA did not notify him.

The director went to both the district and national offices of Social Security and was told that the student had lost all benefits. Their reasoning is that one condition for receiving the benefit is to have been "entitled to" it for August 1981. SSA defines "entitled to" as actually receiving the benefit.

There seems no reason in law or logic for this definition of "entitled to." It is likely that other students in a similar situation have lost all remaining benefits, if this interpretation is upheld. I also do not believe it was the intent of Congress to take benefits away under these circumstances. I would therefore urge members of Congress to request further clarification of this interpretation.

(The statutory reference here is in the Omnibus Budget Reconciliation Act of 1981, P.L. 97-35, Title XXII, Section 2210(b)(1)(c).)

(5) *Is other student aid available?*—When the administration recommended in 1981 that the SSA student program be terminated, they took the view that there was enough other federal student aid to take care of those in need. This was completely untrue. For example, the Congressional Budget Office estimated that the administration would save about one billion dollars in fiscal year 1982 by phasing out the program, but would only have to spend an additional $25 million in Pell grants to make up the loss! (An Analysis of President Reagan's Budget Revisions for fiscal year 1982, March 1981.)

Students would lose about a billion dollars in aid the first year, aid which would not be made up, in part because the SSA and Pell grant formulas are entirely different. Studies have shown that most students who have received aid under the program are from lower-income families; about 20 percent are black. For many students, the Social Security program has been their only chance for college.

Further, the administration has cut back the Pell program and other aid very sharply in the fiscal year 1982 continuing resolution, and is planning much deeper cuts for fiscal year 1983. It is by no means certain that either present SSA beneficiaries or those who would have entered the program, will have enough funds for college, unless Congress reverses administration plans to cut student aid further, or possibly end it altogether.

We believe special thanks are due to Congress for holding these hearings to try to get the attention of the American people focused on these issues. Thanks are also due to many individual Congressmen—to Representatives Paul Simon and Carl Perkins for asking SSA to notify current beneficiaries as soon as possible, to Representative Dan Rostenkowski for suggesting that SSA notify all high school seniors, to Representative Peter Peyser for sending out a national mailing to high school counselors, and to Representative Downey, Senator Carl Levin, and others who have tried to notify people in their states and districts.

American Association of State Colleges and Universities,
Washington, D.C., February 17, 1982.

Hon. J. J. Pickle,
U.S. House of Representatives, Washington, D.C.

Dear Mr. Pickle: The undersigned organizations join in urging that the Congress of the United States take the following steps:

1. Pass one of several bills now before Congress which would extend the termination date for Social Security student benefits at least until October 1, in order to help the present class of high school seniors, who have never been properly notified.
2. Urge the Social Security Administration to act immediately to notify all college students receiving Social Security student benefits that these benefits will be cut sharply in coming academic years.
3. Urge the Social Security Administration to act immediately to notify all high school seniors who now receive Social Security aid that the student benefit programs for any new recipients ends on May 1, 1982. All high schools and colleges as well as individual students should be notified at once.
4. Help make it clear to everyone that benefits available under other student aid programs administered by the Department of Education cannot possibly make up the losses caused by phasing out the Social Security program. This will be even more the case if the President's FY 83 budget recommendations for student aid are accepted.

We appreciate very much the interest which the House Subcommittee on Social Security has taken in this matter.

The list of organizations follows: American Association of State Colleges and Universities; American Council on Education; Association of Catholic Colleges and Universities; American Association of Community and Junior Colleges; American Association of Admission Officers and Collegiate Registrars; Council of Independent Colleges; Committee of Urban Program Universities; Jesuit Colleges of America; National Association for Equal Opportunity in Higher Education; National Association of Independent Colleges and Universities; and National Association of State Universities and Land-Grant Colleges.

Sincerely yours,

John P. Mallan,
Vice President for Governmental Relations.

American Association of State Colleges and Universities One Dupont Circle/Suite 700/Washington, D.C. 20036 (202) 293-7070

February 8, 1982

The Honorable J. J. Pickle
U. S. House of Representatives
242 Cannon House Office Building
Washington, DC 20515

Dear Representative Pickle:

Thank you again for allowing us to testify on February 5th on the loss of the Social Security student benefit program and the failure of SSA to adequately notify either students now in college or high school seniors.

As I said in my testimony, I believe everyone in higher education would support legislation to extend the termination date of the college-level program to at least October 1, 1982, in an attempt to undo some of the harm which has been done this year.

We would certainly all favor better notification, not only by check-stuffers, by also by immediate letters to all high schools and colleges in the country; this would not be very expensive or time-consuming. (Address labels could be obtained from educational groups without any difficulty.)

You asked five questions which I will try to answer:

1) What notice did we get from SSA? Our organization has never received any notice of any kind from SSA about changes in the law, and I know of no group in education which was notified.

2) Information from SSA: We have not requested information. I have been told, however, by several members of the media, that they received quite misleading information about who had been notified and when.

Chairman: John J. Kamerick, President, University of Northern Iowa. Chairman-Elect: James W. Cleary, President, California State University, Northridge. Past Chairman: Roland Dille, President, Moorhead State University, MN. Secretary/Treasurer: Rodney A. Briggs, President, Eastern Oregon State College. President: Allan W. Ostar

Directors: Warren Baker, President, California Polytechnic State University, San Luis Obispo; Virgus R. Cardozier, President, University of Texas of the Permian Basin; Myron L. Coulter, President, Idaho State University; H. Douglas Covington, Chancellor, Winston-Salem State University, NC; Alan Guskin, Chancellor, University of Wisconsin-Parkside; Lorraine R. Matusak, President, Thomas A. Edison State College, NJ; Charles Mayo, President, West Chester State College, PA; Janet Gorman Murphy, President, Lyndon State College, VT; Joseph J. Orze, President, Worcester State College, MA; G. Robert Ross, Chancellor, University of Arkansas at Little Rock; Charles B. Vail, President, Winthrop College, SC; Ronald Williams, President, Northeastern Illinois University

Cable Address: AASCU-Washington, D.C.

3) SSA Forms: I am unfamiliar with the forms.

4) How many students may lose a chance at college?

5) Overall effect on college enrollments of both the SSA phase-out and the cuts in other student aid?

Those questions are not as yet possible to answer. When we surveyed over 200 state colleges and universities recently, 59 percent said that some students had had to drop out or go part-time because of student aid reductions in fall 1981--when the cuts were relatively small. Most other colleges said they did not know what effect the reductions would have on enrollment.

I enclose a February 5th analysis by the American Council on Education which estimates very heavy losses in student aid if the proposed Reagan FY 1983 budget, the FY 1982 budget, and new proposed recissions are accepted by Congress. In Texas alone, ACE estimates that about $73 million in aid and 109,000 aid awards will be lost as a result of the proposed FY 1983 cuts.

However, we are not yet sure what effect this will have--how many students will drop out, go part-time, or possibly go to a less expensive college, if one is available.

Again, thank you very much.

Sincerely,

John Mallan

John P. Mallan
Vice President
Governmental Relations

JPM: pjl
Enclosure: "The FY 83 Reagan Budget for Higher Education"

AMERICAN COUNCIL ON EDUCATION
ONE DUPONT CIRCLE
WASHINGTON, D.C. 20036

WORKSHOP DOCUMENT #2A

DIVISION OF GOVERNMENTAL RELATIONS
(202) 833-4736

February 5, 1982

THE FY 83 REAGAN BUDGET FOR HIGHER EDUCATION

Massive cuts in federal student aid, and in most of the categorical support programs for higher education, are proposed in the Reagan Administration's FY 83 Budget for the Education Department.

Student aid for Academic Year 1983-84 would be cut 56 percent below the levels of last year's Reconciliation Act and 50 percent below the current 1981-82 Academic Year, with Pell Grants cut 40 percent, Work-Study 30 percent, and three major programs -- Supplemental Grants, Direct Loans, and State Student Incentive Grants -- proposed for elimination. Cumulatively, this would represent a loss of over 2.4 million awards, which would force hundreds of thousands of students to drop out or change their educational plans. Further restrictions in the Guaranteed Loan program, proposed to take effect this spring, would make borrowing more expensive for undergraduate students and deny access to the program for over 600,000 graduate students.

Categorical support programs would be cut 30 percent overall, with most small programs slated for extinction or transfer to other agencies. To oversee the remaining functions and promote further reductions in the federal responsibility for education, the Administration asks Congress to strip the Department of its Cabinet rank and turn it into an Education Foundation. Following is a summary of the Budget recommendations:

Student Aid

Pell Grants -- the foundation program for federal student assistance -- would be reduced from $2.3 to $1.4 billion in FY 83. This would eliminate over one million students, assuming a maximum award of $1,800 as provided for FY 82, and leave only 1.6 million recipients with family incomes under $14,000 (compared to 2.8 million current recipients with family incomes up to $27,000). To avoid such a drastic cut in eligibles, the Administration is proposing to cut the maximum award to $1,400 -- a 22 percent cut for the neediest students, although college costs in 1983-84 will be 15 - 20 percent higher than this year.

Supplemental Grants (SEOG) would be eliminated. Presently about 615,000 students receive these awards, which are essential to enable needy students to attend higher-priced institutions of their choice.

State Student Incentive Grants (SSIG) would be eliminated, currently providing 300,000 state grants matched by SSIG funds. This would place in jeopardy the continued existence of state student aid funding in at least 15 states which rely on federal matching for half of their scholarship programs.

College Work-Study (CWS) would be cut by 30 percent to $397.5 million, removing 250,000 student job opportunities.

Federal capital contributions to the Direct Loan program (NDSL) would be ended, eliminating low-cost loans to 266,000 needy students. Institutions could still make new loans with their NDSL revolving funds, but these funds are far from adequate on most campuses.

The TRIO programs, which provide important services to encourage attendance and retention of disadvantaged students whose families have never gone to college, would be cut 47 percent to $82 million. The Talent Search and Educational Opportunity Center programs, which counsel eligible students and provide information about post-secondary opportunities, would be eliminated.

Guaranteed Student Loan (GSL) costs continue to rise, forcing the Administration to request a $978 million supplemental for FY 82, for a total of $2.75 billion. The budget estimates costs will fall to $2.49 billion in FY 83 assuming further restrictions proposed for this entitlement program to go into effect April 1 of this year. The Administration would double the origination fee from 5 to 10 percent (i.e., to obtain a $2,000 loan a student would have to borrow $2,200); the $30,000 income eligibility cap would be replaced by limiting eligibility to unmet need (cost minus family contribution and other aid); borrowers would be required to pay market interest rates two years after entering repayment instead of the current 9 percent; and graduate and professional students would be removed from eligibility.

For undergraduate borrowers, doubling the origination fee and requiring market interest rates after leaving school would increase indebtedness by 19 percent.

For graduate students, denial of access to GSL would present critical problems. They would be eligible for the Auxiliary Loans to Assist Students (ALAS) program which carries a 14 percent interest rate and does not provide the GSL in-school interest subsidy. Full-time students could have the payment of principal deferred, but most graduate students are part-time, and they would have to repay principal as well as interest while in school. Graduate students who are able to obtain ALAS loans would increase their indebtedness by as much as 67 percent. However, the ALAS program is only operational in 14 states, and only 5 percent of loans to date have been to students. Banks will be reluctant to make ALAS loans to graduate students, since the absence of in-school interest subsidy would necessitate billing students monthly or quarterly, or allowing interest to accrue which would deprive the lender of cash flow.

Some 600,000 graduate students -- over half of graduate enrollments -- now depend on GSL's to finance their education. A majority of them may be unable to continue their education if the Administration's recommendations are adopted.

Graduate Fellowships would also be eliminated by the Administration's budget, which would zero out the Graduate and Professional Opportunities fellowships for minorities and women, public service fellowships, and fellowships for minorities to attend law school (CLEO). These programs currently total $11.5 million, funding 1300 fellowships.

FY 82 Student Aid Rescissions: The Administration's budget also proposes further cuts in FY 82 student aid funding (for Academic Year 1982-83) through rescissions of $91 million for Pell Grants, $44 million for Work-Study, $6 million for State Student Incentive Grants, $9.9 million for the TRIO programs, $1.9 million for public service fellowships, and $0.1 million for law school fellowships for minorities. These would be in addition to cuts already made in the FY 82 Continuing

Resolution, which chopped student aid programs 12 percent below the Administration's original budget recommendations, as President Reagan requested last September, while most other domestic programs were cut 4 percent across-the-board.

Student Aid Summary:

	FY 81	FY 82 Continuing Resolution	FY 82 Rescissions/ Supplementals	FY 83 Reconciliation Ceilings	FY 83 Reagan Budget
Pell Grants	$2.346 B	$2.279 B	-91.4 M	$2.800 B	$1.400 B
SEOG	370 M	278 M		370 M	0
CWS	550 M	528 M	-44 M	550 M	398 M
NDSL	186 M	179 M		286 M	0
SSIG	77 M	74 M	-6 M	77 M	0
TOTAL	$3.529 B	$3.338 B	-141.4 M	$4.083 B	$1.798 B
GSL	$2.535 B	$1.774 B	+978 M		$2.485 B
TRIO	$156.5 M	$150.2 M	-9.9 M	$165 M	$82.3 M
Graduate Fellowships:					
GPOP	$10 M	$8.6 M		$14 M	0
Public Serv.	2 M	1.9 M	-1.9 M		0
CLEO	1 M	0.9 M	-0.1 M	1 M	0

Categorical Support

The FY 83 Budget proposes to end all support for college libraries, library research and training, and research libraries, veterans cost of instruction, cooperative education, law school clinical experience, and land-grant aid. International programs would be cut in half and proposed for transfer to the International Communication Agency; minority institutions science improvement would be cut by a third and proposed for transfer back to the National Science Foundation. Current funding levels would be maintained for the Fund for Improvement of Postsecondary Education, the National Institute of Education, and the National Center for Education Statistics. Vocational programs would be placed in a block grant to the states with adult education programs, and combined funding would be reduced 30 percent. The Women's Educational Equity program would be eliminated.

No new assistance is requested for the College Housing Loan program or Higher Education Facilities loans, and both programs are proposed for transfer to the Treasury Department for management of payments associated with prior long-term loans.

The only higher education program proposed for an increase is the Title III Institutional Aid program (Developing Institutions), which would get an additional $5.2 million.

FY 82 Rescissions: Under the rescissions proposed in the Budget, college library support, veterans cost of instruction, land-grant aid, law school clinical experience, and the women's educational equity program would be eliminated in FY 82. Partial rescissions are proposed for most other categorical programs. A $103 million rescission is sought for vocational programs.

Summary: Higher Education-Related Programs

	FY 81	FY 82 Cont. Res. (thru 3/31/82)	FY 82 Admin. Rescission Request	FY 83 Admin. Request
Title II A (College libraries)	3 M	1.9 M	-1.9 M	0
B (Library res, trng)	0.9 M	0.9 M		0
C (Research libraries)	6 M	5.8 M	-0.5 M	0
Title III (Developing Inst.)	120 M	124.4 M	+5.2 M	129.6 M
Veterans Cost of Instruction	6 M	4.8 M	-4.8 M	0
Title VI (Int'l. studies)	21.8 M	19.2 M	-4.2 M	8.8 M
Fulbright-Hays	6.2 M	4.8 M	-2.1 M	1.5 M
Title VIII (Coop. educ.)	23 M	14.4 M	-10.1 M	0
FIPSE	13.5 M	11.5 M		11.9 M
Land-grant aid	2.8 M	2.8 M	-2.8 M	0
Minority Institutions Science Improvement	5 M	4.8 M	-0.4 M	3.3 M
Women's Educational Equity	8.1 M	5.8 M	-5.8 M	0
NIE	65.6 M	53.4 M		53.6 M
NCES	8.9 M	8.6 M		8.7 M
Voc Ed	681.6 M	653 M	-103.8 M	500 M

State-by-State Impact of Proposed Fiscal Year 1983 Student Aid Reductions[1]

	Dollars Lost[2]	Student Awards Lost
Alabama	$ 31,770,339	44,410
Alaska	1,196,881	1,735
Arizona	19,929,918	28,212
Arkansas	15,364,107	22,160
California	132,659,378	198,803
Colorado	19,017,442	26,641
Connecticut	16,790,039	23,771
Delaware	3,738,895	5,165
Florida	54,066,001	75,911
Georgia	29,479,778	39,504
Hawaii	3,967,104	5,816
Idaho	5,006,095	7,210
Illinois	70,156,241	98,250
Indiana	34,332,103	48,173
Iowa	21,699,345	30,465
Kansas	16,700,933	23,346
Kentucky	23,856,612	32,364
Louisiana	27,487,783	36,945
Maine	13,398,897	19,029
Maryland	24,644,383	34,652
Massachusetts	67,142,252	91,739
Michigan	60,905,324	97,368
Minnesota	35,851,210	51,397
Mississippi	24,106,422	32,022
Missouri	31,578,420	45,115

	Dollars Lost[2]	Student Awards Lost
Montana	$ 5,410,540	7,693
Nebraska	11,982,208	17,010
Nevada	2,354,223	3,557
New Hampshire	9,837,782	13,646
New Jersey	41,036,434	54,586
New Mexico	11,493,354	16,207
New York	179,007,820	226,795
North Carolina	41,685,759	57,324
North Dakota	7,186,771	10,047
Ohio	64,350,244	89,442
Oklahoma	20,524,019	29,963
Oregon	23,514,490	34,063
Pennsylvania	88,975,254	116,554
Rhode Island	11,930,577	16,328
South Carolina	23,100,501	31,284
South Dakota	8,885,946	11,805
Tennessee	32,863,334	44,528
Texas	73,032,548	109,355
Utah	8,278,482	12,040
Vermont	8,841,408	12,235
Virginia	30,693,835	41,747
Washington	27,868,466	40,947
West Virginia	11,664,206	16,164
Wisconsin	37,843,833	53,630
Wyoming	1,856,211	2,651

Notes: [1] Programs included are Pell Grants and the campus-based programs (SEOG, CWS, and NDSL). These reductions do not include Guaranteed Loans or State Student Incentive Grants.

[2] Estimated reductions were computed using actual Academic Year 1980-81 Pell Grant award data and Academic Year 1981-82 campus-based allocations to institutions for the base. Data for each state were reduced proportionate to the proposed reductions in the appropriations. Academic Year 1980-81 data for Pell Grants are the latest data available, and no substantial changes in the program or appropriations were made between Academic Year 1980-81 and Academic Year 1981-82

Chairman Pickle. You said that the Social Security Administration would be notified in February or March—the students would. You say, we believe that this is not adequate notice that the students will receive no aid for the 4 months and benefits will be further reduced 25 percent per month in the fall, and then you conclude by saying, we believe that these students should have been informed by SSA last fall, and in addition, you are recommending a rollback, postponement of the date.

Now we will hear from Mr. Herm Davis.

STATEMENT OF HERM DAVIS, DIRECTOR OF FINANCIAL AID, MONTGOMERY COLLEGE, MONTGOMERY COUNTY, MD., ACCOMPANIED BY GINGER ACKERMAN, STUDENT, GEORGE MASON UNIVERSITY, FAIRFAX, VA., BOTH ON BEHALF OF THE AMERICAN ASSOCIATION OF COMMUNITY & JUNIOR COLLEGES

Mr. Davis. Mr. Chairman, we would like to bring to your attention several issues that have already been brought before the committee.

Basic concerns are the lack of information going to the high school students as well as college students presently enrolled by the SSA. In addition, we are concerned about the lateness of anything being done in terms of communication, because any notification to students who have already missed the deadlines for student financial aid next year will be too late.

Chairman Pickle. What is the deadline, or does it vary with the colleges?

Mr. Davis. It varies from college to college. A selective school might have their deadlines as early as January. The Maryland State scholarship program has a deadline of February 15. You have various deadlines throughout the United States. There is not going to be anything going out shortly.

Chairman Pickle. The students would get a notice on March 1 that their benefits are going to be cut which is a signal they have got to go borrow money and they can't because they are too late?

Mr. Davis. The deadline for applying for financial aid at the University of Maryland is February 15, so it would be too late.

Chairman Pickle. We could contend that that notice should have gone out last fall, but that is a good question.

The earlier they could get it out as they promised, but you are saying that is not adequate.

Is it the same date as many other universities across the country?

Mr. Davis. I believe the University of Maryland is a typical deadline cutoff.

Chairman Pickle. Go right ahead.

Mr. Davis. The other point that has not come out today or in the other hearings had to do with definitions.

The definition that has been vague is the word "enrollments." Many of our students interpreted that to mean that if they were accepted for admissions next fall, they would have met the deadline as interpreted to be enrolled. But that is not the definition that is coming out which is interpreted to mean they have to be attending and enrolled. Many students were not aware of that, so that, too, is a problem.

Chairman PICKLE. How do we handle that, change the definitions?

Mr. DAVIS. I believe the definition is correct, but I don't believe the interpretation that was given out to the students was correct.

It is just a lack of information.

I have been in financial aid for over 15 years. We have always been aware of the social security benefits, but they were never really part and parcel of our financial aid program. It is normally a program that was administered directly by the Social Security Administration directly with their clientele. In the field of student financial aid, it is a requirement for the Government for consumerism benefits that we notify all of our constituencies that apply for aid, whether eligible or not eligible, and that would be an assumption that any officers would make through the Social Security Administration, that they would have notified their consumers.

It would be assumed by any practitioner that that would have taken place, and to our knowledge, as of this date, there has not been any consumerism information given out. So as members of the American Association of Junior Colleges, we are concerned about that.

Chairman PICKLE. I appreciate your point about the question of being enrolled or admitted, and a different interpretation of how that affects a student.

I am glad to have that testimony.

Mr. DAVIS. If I could share one more point, Mr. Chairman, and I will be very brief.

There are actually two problems involved with communications to the clientele. One was given out by many, many offices of social security, and that was if students were at the age of 18 attending school in the fall, it really does not matter what happens in May, as long as they were in attendance, and they were still receiving their social security benefits in the fall, their benefits would continue on until the 25-percent reduction would take place. That misinformation went out.

As a matter of fact, it was at that point when we started working with financial groups that these bits and pieces of information started coming forward, and we started asking the Social Security Administration ourselves at the college, where is this information written, and by request we finally did receive this circular that the previous person was talking about, reference to circular A-29, which did spell it out, but it implied that the information should not be given out necessarily in an orderly way but in a massed basis.

Chairman PICKLE. Are you calling your students in on your campus in Maryland?

Mr. DAVIS. At Montgomery College we notified and are working with all the high schools, to get announcements and bulletins out. By the time we found out the problem in late November, and by the time we got the circular it was December. We were into the holidays by the time we got back, and it was too late to react that fast.

Chairman PICKLE. Time has gotten away from you then?

Mr. Davis. It seemed to have gotten away from everybody.

Chairman Pickle. Well, thank you, Mr. Davis.

[The prepared statement follows:]

Statement of American Association of Community & Junior Colleges, as Presented by Herm Davis, Director of Financial Aid, Montgomery College, Montgomery County, Md.

Mr. Chairman and members of the subcommittee, I appreciate this opportunity to present the views of the American Association of Community and Junior Colleges (AACJC) regarding the payment of social security benefits to students attending postsecondary institutions. I am Herm Davis, Director of Financial Aid at Montgomery College in Montgomery County, Maryland.

This testimony is submitted regarding the cancellation of social security benefits for individuals who would normally receive these benefits as college students beginning in the fall of 1982. It is restricted to discussing the limited information and the communication process that the Social Security Administration failed to use.

As you are aware, we are addressing the college educational needs of over 100,000 students who are now completing their senior year in high school. As of this date, unless these students were nearing their 18th birthday, they have not been notified officially regarding the status of the elimination of their benefits. As a matter of fact, there have been no bulletins submitted to high school counselors or college representatives regarding this problem. For example, at Montgomery College the only official documentation we have received *is one that we requested* that turned out to be a Social Security Administration paper dated November, 1981 that we received in the middle of December. This document clarifies the issue but the question remains, why was a document of this nature not submitted earlier to the 100,000 plus students that its instructions ultimately affect? This is the main question being asked by students as well as their parents. They feel that there was only limited time to react to the elimination of social security benefits and this time was not used to promptly and properly notify them.

Inquiries were made at regional offices of the Social Security Administration to ascertain when notifications to the students and their parents would be sent. The response that we received indicated the students would be notified by the middle or late February of the new guidelines and restrictions. Because of this a large number of these students will not only lose their Social Security benefits, it will be too late for them to apply for institutional and state aid programs.

College officials throughout the United States have been besieged with inquiries regarding the loss of benefits. Unfortunately, the few press releases that were printed stated that students "enrolled" in college by May, 1982 would be eligible for Social Security benefits for the fall of 1982. "Enrolled" was interpreted by many people to mean "admitted" to an institution but not necessarily in attendance by May 1. The meaning of the word, "enrolled", has created problems for the colleges and students because Social Security officials are now interpreting this to mean "admitted and in full-time attendance." It is probable that many high school students are still making plans with this incorrect definition in mind.

To complicate the problem further, some high school recipients of Social Security benefits who will start college classes in the fall of 1982 believe they are automatically eligible to attend college and receive Social Security benefits because they will not be 18 until after the fall term begins.

To help resolve these issues in a fair and equitable manner to students and their parents who have invested in Social Security, and through no fault of their own are losing this important benefit, it is the recommendation of the American Association of Community and Junior Colleges that the May, 1982 deadline be moved back to September 30, 1982 and that the Social Security Administration be instructed to notify all eligible students and their parents immediately.

Furthermore, since federal financial aid programs, which were supposed to assist needy students who lost Social Security benefits, are being drastically reduced, the Association recommends the restoration of Social Security benefits to qualified college students. That would be the fairest and most reasonable solution for families that need and have planned on this assistance.

Mr. Chairman, thank you for the opportunity to testify before this Subcommittee. At this time I wish to introduce Ms. Ginger Ackerman who recently withdrew from high school and enrolled at George Mason University in order to obtain her Social Security benefits.

Chairman Pickle. Next is Hazel Benn.

STATEMENT OF HAZEL E. BENN, ASSISTANT EXECUTIVE DIRECTOR, AMERICAN ASSOCIATION OF COLLEGIATE REGISTRARS & ADMISSIONS OFFICERS

Ms. BENN. There are several categories of young persons we are interested in. The ones in college, the ones who are eligible but are not in college for some justifiable reason and then the current high school seniors.

We feel that the laws and the information that have gone out, the way they have been handled by this Social Security Administration has adversely affected those people.

We know that the Social Security Administration has put out information in the papers, but to us this is not the official way in which a Government agency puts information out.

Our people are admissions officers, and they don't normally take their guidance from newspapers. The press has editorial privileges and I am not saying anything against the press, but this is not the way that you get your information to counsel somebody.

We have put out what we could get from the Baltimore office; we have very good working relationships with them; we have worked with them too, so that the official card that goes out to those in college will direct the student to go to the proper college official to see if there is any other financial aid left. We worked with Dallas Martin, and we know that correct wording has been incorporated on that card. But we are really concerned over this May 1 deadline where the students must be in college. We are concerned on why it was picked because it does not coincide with the terms of most of the colleges. I have added to my testimony which you have a calendar which shows you that only a fourth of the institutions in the United States run on the quarter system; those are the only ones who have really legitimate programs that these youngsters can get into.

The others—and we have had oodles of calls nationwide from universities and colleges asking about setting up special terms for these young people—can set up special terms, but that in essence is forcing them to beat the system which has been referred to here.

The institutions are really concerned over the counseling. What should they tell these youngsters who come to them in droves? Should they encourage them to get into high school before they get diplomas or tell them to go get their high school diplomas knowing that many jobs in the United States and some of the major labor unions require high school diplomas.

Chairman PICKLE. What do you tell them?

Ms. BENN. I think that each institution has to have its own conscience, sir.

Chairman PICKLE. I have to ask myself the same question.

Ms. BENN. The other thing is, do they counsel them to take double programs, full-time college and full- or half-time high school.

We feel on this, and we have told the people who have called, that we think both programs would be jeopardized if they do that.

We are concerned over the students who are in college. We understand the funds are going to cut off in May this year and most of the institutions are running through May, so the students need board and room money. They are going to lose out at the end of this year, and it is also going to cut out the ones who are trying to accelerate their programs and get through college in less than 4 years.

One situation that has been brought up is the Pell grant; that is, if they need the Pell grants in addition to social security funds. Dr. Martin can tell you more about that than I can, but if they have already applied for it now while in college, they have probably put down the original amount that they thought they were going to get from social security. Now, we understand the Pell grant money is going to be cut, and the social security is being cut. It is going to be a matter of whether they can get enough money to get into college.

My plea is to correct the law, so that if the benefits have to be cut, that the Social Security Administration can put out some timely information, and that the information be sent to everybody who needs to know it officially, and this is the student, the parents, the high school counsellors and the proper college officials.

In conclusion, I have to note that the laws which set up the education programs for the Department of Education and the VA have very detailed wording on student consumer information, and the Congress passed those. We don't understand why the same Congress does not require a Government agency that is shutting off a huge program isn't required to protect the student in the same way. That is all.

Thank you.

[The prepared statement and subsequent communication follow:]

Statement of Hazel E. Benn, Assistant Executive Director, American Association of Collegiate Registrars & Admissions Officers

Mr. Chairman and other distinguished members of this subcommittee, the association which I represent, the American Association of Collegiate Registrars and Admissions Officers, is a national, nonprofit educational association. It's composed of over 2,000 accredited postsecondary institutions which offer courses at the undergraduate, graduate, and professional levels. These institutions are represented by more than 7,200 individual staff members from the fields of recruitment and admissions, registration and records, student financial aid, international education, and institutional research.

We are very much concerned with the several categories of young persons who are eligible for social security student benefits: students in college who rely on social security benefits for college costs, those eligible for benefits who for some justifiable reason have not yet started college or who want to reenter college, as well as the current seniors in high school who also would normally enter college during the summer or next fall. The law and the implementation on Public Law 97-35 adversely affect all categories I have mentioned. We appreciate the chance to cite some of the pitfalls that already have occured and one that will occur.

May I first say that our association has traditionally had a close and rewarding working relationship with federal agencies concerned with higher education. A specific example of our positive relationship occured in 1979 when the Social Security Administration became concerned that their system for accounting for students was causing overpayments. Several members of AACRAO and the agency developed plans to reinstate a certification system to account for fulltime students. The agency has informed us that this work, which culminated with the certification of students through the donation of free administrative time by the institutions nationwide helped the agency avoid making over 75 million dollars in incorrect payments during fiscal year 1980. A copy of their letter is attached.

Although this close relationship continues to exist at the working level, the short-time deadlines or cut-off dates in the law and the methods authorized by the powers that be—whoever they are—in the Social Security Administration have left the possibility of a college education in jeopardy for the young adult who relies solely on social security benefits for college or one who is eligible for Pell Grant in addition to these benefits.

We have learned from the Social Security Administration that they have made at least three very general releases to their 1300 local offices for release to the press or other media. We don't know how many local stations or newspapers picked up the information. The press is not an official medium. We understand that these young people who are the beneficiaries and not their parents are the ones who have been or who will be notified or official changes. We believe that the information mailed thus far is so general that it would not adequately alert all children of parents as to the seriousness of the situation and that benefits will be reduced or lost before some know what's happening.

We have published general information in our newsletters which the Baltimore office gave us. Copies are attached. We have also coordinated with the social security Baltimore office so that the official announcement going to students now receiving benefits will direct them to the college official who can tell them if other financial aid is still available. Through these efforts, some of those in college have been at least alerted. The high school students who are receiving social security children's benefits and those who have graduated but who have not yet started college have seemingly been left to the mercy of the informal news media.

To be more specific: The law contains a cut-off date of May 1, 1982 when high school students must be in college. Why was not a more logical deadline, such as August or September, used to coincide with the majority of college terms so that these students would be graduated with high school diplomas? Because of the May 1 deadline, these students must make the decision of trying to get into college now or lose their social security benefits. The monthly calendar attached to my testimony shows the normal times for the various college terms to start and stop. The calendar study, also attached, shows that at this period only those institutions on a quarter system will be starting new terms prior to May—and those schools amount to about ¼ of the institutions of higher learning. If other institutions desire to enroll these youngsters now, they will be forced to establish special terms which is forcing them to help the students, in essence, beat the deadline.

Our members have made many calls to our office trying to find answers which have not been available in policy form or understood at the local social security offices. All have been concerned over how to counsel high school students who are trying to get into college at this time. Should they encourage high school students to leave high school to save their benefits, particularly when they have no other source of funds, or should they encourage them to get diplomas which are required in many jobs or by labor unions? Should they be encouraged to try to take a double workload—full-time college and full- or half-time high school? We believe that, except for a few persons, grades in both programs will be jeopardized.

The students already in college will not receive funds in May of this year even though they are still in school full-time in May. They will need room and board money for the entire month in most cases. Why were payments eliminated for May and not provided for all who will be in school even in June, July, and August?

We are also concerned that if students have applied for Pell Grants or other federal funds for next fall prior to the time they receive their official social security notice, they may have used the wrong amount for their anticipated financial aid needs. This will reduce their awards for the other funds. They will be losing one-fourth of their social security benefits and can't get increased Pell Grants because those funds are being cut too.

I could go on but I think it's obvious special problems have been created that will adversely affect the possibility or the continuation of higher education for up to 300,000 young adults. My plea is to correct the law if these benefits must be cut, so that the implementing agency can provide an orderly and positive system to notify all who need to know officially—the students AND those other persons who need the information to provide the students with timely advice so that rational decisions can be made. I'm referring here to the parents, the higher school counsellors, and the appropriate personnel at the collegiate level—the admissions staff, financial aid officers, and student advisers.

In conclusion, the laws passed by Congress which provide educational programs through the Department of Education and the VA contain detailed wording that requires institutions to publish and disseminate timely student consumer information on institutional policies and procedures. We find it exceedingly difficult to understand why the same Congress who passed those laws does not also require a federal agency to protect the student through timely publication and distribution on the agency's policies and procedures which will reduce and eventually eliminate a huge educational program—the loss of which may mean the loss of a college education for many young Americans.

[Attachment]

DEPARTMENT OF HEALTH AND HUMAN SERVICES,
SOCIAL SECURITY ADMINISTRATION,
Baltimore, Md., March 17, 1981.

Mr. J. DOUGLAS CONNER
Executive Director, American Association of Collegiate Registrars & Admissions Officers, Washington, D.C.

DEAR MR. CONNER: As you are aware, over the last two years the Social Security Administration (SSA), with the cooperation of your organization, has initiated significant changes in the student benefits enforcement operation. While all of these changes have not been implemented as smoothly as you or I would have hoped for, nevertheless, data available to me indicates the changes have resulted in significant improvements in our program. For example, we estimate that the verification requirements, in which your organization plays such a vital part, helped us avoid making over $75 million in incorrect payments during fiscal year 1980. On behalf of SSA I would like to thank you, your staff in Washington, and the thousands of members of your organization who have assisted in our efforts to make the student benefit enforcement program more effective.

Sincerely yours,

SANDY CRANK,
Associate Commissioner for
Operational Policy and Procedures.

Federal Report and Other Matters

by Hazel E. Benn, *Assistant Executive Director*

Social Security Administration

The current benefits for students receiving Social Security are not immediately affected by the recent legislation. Therefore, the Social Security Administration (SSA) is planning to mail the student report forms for the beginning of the school year as usual. The forms for students beginning their school year in August 1981 should be mailed by September 1. The forms are very similar to last year's forms, except for a new block added to the school certification information. The school will be asked to indicate whether or not it is a post-secondary school. This information is needed to implement the recent legislation, and completion by the school will insure that benefits will continue to the student in some situations.

The form will also contain a new due date, 10 days earlier than last year. SSA has advised us that the earlier date is designed to encourage the student to give the form to the school earlier since the student will receive the form earlier this year. SSA reiterated that it is very pleased with the response of the schools to the certification process and the change in due date is not intended to pressure the schools. In addition, as SSA promised, it has modified the suspension notice to inform students who have had their benefits suspended because they failed to return the form, that they should contact their Social Security Office, not the school, if they have any questions.

The Social Security Administration held a briefing for associations concerned over the recent changes in benefits.

The following was furnished on the educational benefits:

> The new provisions of the law eliminate prospectively benefits to students age 18-21 for people who are full-time students at institutions of higher education or other post-secondary schools, effective with benefits payable for August 1982. Benefits paid to individuals age 18 who attend elementary or secondary school will end at age 19, effective with benefits for months after July 1982.
>
> Students aged 18 or older who began (or who do begin) post-secondary school before May 1982, and who received a child's benefit for August 1981, may continue to receive student's benefits. However, beginning with the check payable for September 1982, and again in September 1983 and September 1984, the amount of the benefit will be reduced by 25 percent of the August 1981 amount. No benefits to post-secondary students will be paid after April 1985. Further, the benefit amount will not be adjusted for changes in the cost of living after August 1981. Finally, benefits will not be paid for the months of May through August, regardless of whether the post-secondary student is in full-time attendance.
>
> Students who first become entitled to child's benefits after August 1981 can receive such benefits at ages 19-21 while attending post-secondary school, but only through July 1982 (and including any cost-of-living increase for June 1982).

Veterans Administration

The President of the American Council on Education has designated the Assistant Executive Director as one of 17 task force leaders to follow up on the Council's recommendation to Vice President George Bush's Task Force on Regulatory Relief. As task force leader concerned with reducing or simplifying VA regulations, she is interested in receiving suggestions from AACRAO members to help identify pertinent portions with this agency.

Postal Rate Hike Schools and colleges will have to pay higher postal rates as of January 1 to make up for federal budget cuts.

Colleges will pay more for:

1. Third-class bulk mail, from 3.8 cents to 5.9 cents a piece.
2. Second-class postage, from current 3.5 cents per piece to 7.1 cents.
3. Fourth-class library rates, from 24 cents for the first pound to 32 cents.
4. First-class mail remains at 20 cents a letter.

Proposed Increase in Fees for Immigrant Visas According to a proposed rule issued by the Bureau of Consular Affairs, Department of State, the cost for furnishing and verifying an application for an immigrant visa, including a duplicate copy, will be $25. The cost for issuing each immigrant visa will be $75. The proposed rule is published in the December 16, 1981, Federal Register on page 61298. Comments must be submitted on or before February 1, 1982.

[redacted] The Social Security Administration's regional offices have information on the modified student financial assistance program. Call your regional office for Social Security Checks for Students 18-22 and other releases to help with financial planning.

A.A.C.R.A.O.
IN THE HEART OF AMERICA
KANSAS CITY, MISSOURI
1982

ACE International Education Report The report of ACE's Committee on Foreign Students and Institutional Policy Study is now available through ACE, Division of International Education Relations, 11 Dupont Circle, N.W., Washington, DC 20036. Copies are $5; orders must be accompanied by payment. The report suggests ways institutions can develop a policy toward foreign students.

Social Security Benefits Reduction The AACRAO office has had several calls from institutions concerning the phasing out of student social security benefits. Institutions are attempting to develop flexible plans for the enrollment of new eligibles, who were eligible for the Social Security Children's Benefits Program during August 1981 and who must be in a full-time program in a postsecondary educational institution before May 1, 1982, to receive benefits until April 1985. SSA has advised the AACRAO office that institutions should not set special standards for full-time enrollment and attendance that will apply only to social security students. Social Security is routinely notifying new eligibles 5 months before their 18th birthday. We understand, however, that a notice is planned for release on March 1, 1982, to all entitled to student benefits on the elimination and reduction of social security student benefits. AACRAO will continue to try to assist institutions that have special inquiries.

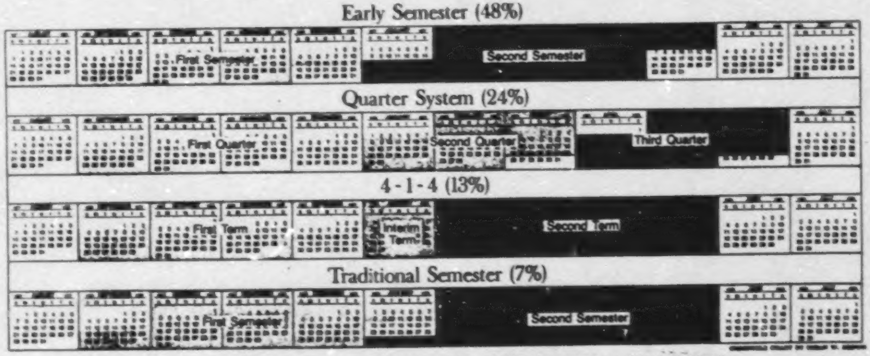
ED Proposed Regs on NDSL The Department of Education has proposed regulations to bar institutions with high NDSL default rates from participating in the National Defense Student Loan program. Under the proposed regulations, colleges where the default rate exceeded 25 percent in 1980-81 would be prohibited from receiving new funds for direct loans the next academic year. The proposed rules were published in the *Federal Register* on January 7. ED reported that nationwide the NDSL default rate was 16.3 percent but that 800 of the 3,200 participating institutions had default rates of more than 25 percent. The department accepts comments on the proposed rule up to 45 days after its publication.

AACRAO Annual Meeting Item A workshop on Student Consumerism has been added to the pre-annual meeting workshops for Kansas City. The workshop announcement was mailed to all members in late January. A minimum registration of 150 will be required to hold the workshop. Registration forms (with fee) should be sent to the AACRAO office by March 1, 1982. The Student Consumerism Workshop is scheduled Sunday, April 18, 2:00-6:00 p.m.; and Monday, April 19, 7:30 a.m.-12:30 p.m. at the Crown Center Hotel.

Special Happening in Kansas City On Sunday, April 18, 5:00-7:00 p.m., a wine and cheese reception in the Presidential Suite at the Crown Center Hotel will allow new members and AACRAO members attending the annual meeting for the first time the opportunity to get to know each other and to meet the members of the Executive Committee and the presidents of regional associations. The new member orientation session is scheduled for Monday, April 19, 4:15-5:30 p.m. This session will emphasize how AACRAO operates, how to get involved, and how to get the most from the annual meeting and all AACRAO services.

Fact Sheets For and About the Handicapped The Higher Education and the Handicapped/Closer Look Resource Center has recently released two fact sheets titled "Financial Aid and Disabled Students" and "Make the Most of Your Opportunities." The first updates the previous fact sheet and incorporates new information specifically about disability-related expenses as well as the relationship between financial aid offices and vocational rehabilitation agencies. It will be useful to

The Changing Academic Calendars



CHRONICLE CHART BY [illegible]

Numbers in parentheses show the percentage of institutions using each of the four major types of academic calendar.

College students used to take their summer vacations in the summer. Now, it seems they return home in the middle of spring and go back to the books long before the leaves have begun to turn.

The reason for the change, according to a survey of nearly 2,500 colleges and universities, is that more and more campuses have been abandoning the traditional September-to-June calendar.

Ten years ago, 83 per cent of the country's colleges and universities operated on a "traditional semester" calendar, according to the registrar of Doane College, Loyd C. Oleson, who conducted the survey. Classes would begin in mid-September and graduation ceremonies be held in late May or early June.

Last year, only 7 per cent of the 2,422 institutions responding to the survey were still using that system.

By far the most popular calendar in academic 1976-77, Mr. Oleson found, was the "early semester" system, used by 48 per cent of the institutions in the survey. At those colleges, first-semester classes are held from mid-August until just before Christmas. The second semester begins in mid-January and is usually over by early May.

Survey Conducted Since 1971

Mr. Oleson has been conducting an annual survey of academic calendars since 1971, when it was sponsored by the American Association of Collegiate Registrars and Admissions Officers. He now does the study independently, with the cooperation of the National Association of College Stores in Oberlin, Ohio.

Besides the traditional and early-semester calendars, Mr. Oleson found three other types widely used on the nation's campuses:

▶ The quarter system, in which the regular academic year is divided into three parts of about 12 weeks each and the summer session functions as the fourth quarter. The second most popular in the country, the quarterly calendar is used by [illegible] colleges, or 24 per cent of the institutions in the study.

▶ The "4-1-4" system, which consists of four-month terms in the fall and spring and a one-month winter term, usually in January. Mr. Oleson found only 13 per cent of the surveyed institutions were operating under this system.

▶ The trimester calendar, which divides the year into three parts of about 16 weeks each. The least popular of the calendar types, it is used by 3 per cent of the colleges in Mr. Oleson's study.

Five per cent of the colleges in the study used some type of academic calendar other than the ones described above.

The reason for many of the changes in academic calendars over the years, Mr. Oleson said, is that colleges and universities are trying to make more economical use of their facilities and to conserve energy, particularly in view of the harshness of last winter.

The most frequently heard argument, he said, focuses on the relative costs of the quarter system versus one or the other of the semester systems. Many institutions have found that the semester arrangement—with two registrations instead of three, two grade reports instead of three, and two examination periods instead of three—generates considerable savings over the quarter system, Mr. Oleson said.

The "4-1-4" calendar, with its winter term in January, is particularly "vulnerable to the energy problem," Mr. Oleson said, and many institutions appear to be abandoning it and the traditional semester system to cut down on winter fuel bills. —ELLEN K. COUGHLIN

RECEIVED JAN 1 8 1982

American Association of Collegiate Registrars & Admissions Officers
Academic Calendar Changes Effective 1981-82
Prepared by Orville C. Walz

* * * * * * * * * * * *

The information provided here is based upon data gathered for the List of School Opening and Other Dates: 1981-82 School Year, by the National Association of College Stores, Oberlin, Ohio.

The following codes for academic calendar types are used:

(1) Traditional Semester	(4) Trimester
(2) Early Semester	(5) 4-1-4
(3) Quarter	(6) Other -- none of the above

Table I

Number of Calendar Changes, by Years

Effective Year	Number of Changes	Number of Institutions Reporting	Percentage Making Changes
1970-71	357	2,475	14.4
1971-72	336	2,475	13.6
1972-73	239	2,450	9.8
1973-74	314	2,722	11.5
1974-75	269	2,821	9.5
1975-76	264	2,786	9.6
1976-77	116	2,472	4.7
1977-78	189	2,452	7.7
1978-79	73	2,534	2.9
1979-80	96	2,763	3.1
1980-81	69	2,833	2.4
1981-82	74	2,906	2.5

Seventy four institutions of higher learning made academic calendar changes from one type of calendar to another type in 1981-8 This represented 2.5% of reporting institutions. Seventy-three more institutions participated in the current study, compared to last year. The 2,906 institutions in this year's study was the largest number participating in the twelve years of AACRAO calendar studies.

Table II

Summary of Changes, Effective 1981-82

Calendar Type	(1)	(2)	(3)	(4)	(5)	(6)
Changed to	13	56	2	0	1	2
Changed from	10	12	12	5	25	10
Net Changes	+3	+44	-10	-5	-24	- 8

Table III

Net Changes of Calendar Types

Effective Year	(1)	(2)	(3)	(4)	(5)	(6)
1970-71	-311	+233	+ 2	0	+ 68	+ 8
1971-72	-269	+190	+ 3	+ 4	+ 51	+ 21
1972-73	-175	+124	0	+ 3	+ 38	+ 10
1973-74	- 95	+ 84	+ 6	- 8	+ 39	- 26
1974-75	- 47	+ 62	+ 2	+ 3	- 13	- 7
1975-76	- 15	+ 10	- 21	+ 9	+ 3	+ 14
1976-77	- 18	+ 52	- 3	- 8	- 19	- 4
1977-78	- 19	+ 30	- 15	- 4	- 19	+ 27
1978-79	- 16	+ 28	- 9	+ 1	- 9	+ 5
1979-80	- 5	+ 44	- 11	- 3	- 15	- 10
1980-81	- 13	+ 36	- 6	0	- 15	- 2
1981-82	+ 3	+ 44	- 10	- 5	- 24	- 8

The early semester calendar was the only calendar type to make major gains in 1981-82, picking up a net gain of 44 institutions. This marked the twelfth consecutive year that the early semester calendar registered a net gain. All other calendar types, except the traditional semester, which gained three, experienced a net loss for 1981-82, again led by the 4-1-4 calendar with a net loss of twenty-four institutions. The quarter calendar experienced its seventh straight year of net losses, and the 4-1-4 calendar experienced is sixth consecutive year of net losses.

Table IV

Number of Institutions Using the Six Types of Calendars

	(1)	(2)	(3)	(4)	(5)	(6)	Totals
1970-71	895 36%	680 27%	539 22%	73 3%	186 8%	102 4%	2475
1971-72	637 26%	860 35%	542 22%	77 3%	236 9%	123 5%	2475
1972-73	354 15%	976 40%	585 24%	81 3%	329 13%	125 5%	2450
1973-74	308 12%	1170 43%	653 24%	77 3%	393 14%	121 4%	2722
1974-75	263 9%	1269 45%	696 25%	90 3%	383 14%	120 4%	2821
1975-76	242 9%	1257 45%	675 24%	101 4%	375 13%	136 5%	2786
1976-77	172 7%	1172 48%	586 24%	86 3%	324 13%	132 5%	2472
1977-78	169 7%	1165 48%	565 23%	72 3%	299 12%	182 7%	2452
1978-79	146 6%	1286 51%	596 23%	77 3%	302 12%	127 5%	2534
1979-80	161 6%	1459 53%	668 24%	77 3%	299 11%	99 3%	2763
1980-81	142 5%	1529 54%	713 25%	62 2%	290 10%	97 4%	2833
1961-82	152 5%	1583 54%	743 26%	67 2%	281 10%	80 3%	2906

The overall percent of institutions using the various calendar types changed little since last year's study. Of the 152 institutions still using the traditional semester calendar, 111 or 73% are located in California and New York. Thirty-two states in the study report no institutions of higher learned using the traditional semester calendar.

Table V

Number of Institutions that have used the 4-1-4 Calendar but have Changed

Effective Year	Number
Before 1979-71	4
1970-71	0
1971-72	4
1972-73	9
1973-74	27
1974-75	56
1975-76	40
1976-77	34
1977-78	39
1978-79	20
1979-80	26
1980-81	20
1981-82	25
TOTAL	304

As of the 1981-82 academic year, the surveys show that since the beginning of the 4-1-4 calendar a total of 304 institutions have used the 4-1-4 for one or more years and have changed to one of the other calendar types. Prior to 1967-68 there were only six institutions using the 4-1-4 calendar. The maximum number was reached in 1973-74 when the report shows a total of 393 institutions using the 4-1-4 calendar. From a percent high of 14% 1973-74 and 1974-75, today 10% of participating institutions use the 4-1-4 calendar.

Table VI

Distribution of Changes, Effective 1981-82

To From	(1)	(2)	(3)	(4)	(5)	(6)	Totals
(1)		10	0	0	0	0	10
(2)	11		0	0	0	1	12
(3)	0	12		0	0	0	12
(4)	1	4	0		0	0	5
(5)	1	22	1	0		1	25
(6)	0	8	1	0	1		10
Totals	13	56	2	0	1	2	74

Table VII

Calendar Types, Effective 1981-82

STATES	(1)	(2)	(3)	(4)	(5)	(6)	STATE TOTALS
Alabama	0	18	35	0	2	1	56
Alaska	0	13	0	0	1	0	14
Arizona	0	20	0	0	2	1	23
Arkansas	0	25	3	0	2	1	31
California	76	65	69	10	26	2	248
Colorado	0	20	19	1	1	2	43
Connecticut	0	34	5	2	0	1	42
Delaware	0	4	4	0	2	0	10
Dist. of Columbia	0	11	1	1	0	0	13
Florida	0	49	12	3	5	1	70
Georgia	0	11	56	0	2	0	69
Hawaii	0	12	0	0	1	0	13
Idaho	0	7	1	0	1	0	9
Illinois	2	72	45	8	11	3	141
Indiana	0	30	19	1	9	4	63
Iowa	1	33	11	0	10	5	60
Kansas	0	36	0	0	15	0	51
Kentucky	0	27	4	1	6	2	40
Louisiana	0	28	1	0	2	0	31
Maine	3	17	0	1	4	1	26
Maryland	2	37	2	0	12	0	53
Massachusetts	7	77	7	1	9	6	107
Michigan	1	54	18	9	3	4	89
Minnesota	1	11	40	1	12	0	65
Mississippi	0	37	0	1	2	0	40
Missouri	2	53	3	3	12	7	80
Montana	0	5	8	0	0	0	13
Nebraska	0	20	3	0	5	3	31
Nevada	0	5	1	0	0	0	6
New Hampshire	0	12	5	1	4	1	23
New Jersey	6	33	1	0	12	2	54
New Mexico	1	18	0	0	0	0	19

STATES	(1)	(2)	(3)	(4)	(5)	(6)	STATE TOTALS
New York	35	115	15	4	27	6	202
North Carolina	0	50	63	1	6	1	121
North Dakota	0	6	7	0	1	1	15
Ohio	2	39	73	4	4	5	127
Oklahoma	0	38	1	2	1	1	43
Oregon	0	4	35	0	1	2	42
Pennsylvania	2	105	27	8	19	5	166
Rhode Island	1	4	1	2	3	0	11
South Carolina	1	33	22	0	4	2	62
South Dakota	0	8	1	0	8	0	17
Tennessee	1	34	33	0	4	1	73
Texas	0	133	6	0	9	1	149
Utah	0	0	12	1	0	0	13
Vermont	0	16	0	0	2	0	18
Virginia	0	29	27	0	6	6	68
Washington	1	5	38	0	4	0	48
West Virginia	0	25	1	0	2	0	28
Wisconsin	7	37	8	1	7	2	62
Wyoming	0	8	0	0	0	0	8
GRAND TOTALS	152	1,583	743	67	281	80	2,906

Orville C. Walz
Concordia College
7128 Ada Boulevard
Edmonton, Alberta, T5B 4E4
(403) 479-8481

1/82

[The following was subsequently received:]

AMERICAN ASSOCIATION of COLLEGIATE REGISTRARS and ADMISSIONS OFFICERS
One Dupont Circle, N.W. • Washington, D.C. 20036 • (202) 293-9161

February 11, 1982

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HAZEL E. BENN
Assistant Executive Director

The Honorable J.J. Pickle
House of Representatives
Washington, D.C. 20515

Dear Mr. Pickle:

During the Social Security hearings of February 5, 1982, you asked that additional information be provided if available. The following is submitted:

During August 1981, our national office received a general summary of the changes which concerned the Social Security Administration in the Omnibus Reconciliation Act of 1981. We also received a written notification as well as a phone call from the agency headquarters of a general briefing to be held on August 27, 1981. Our national office has received a great deal of information from the SSA on the general modification in the Act which affect social security benefits; little included information on student benefits. Much of the detailed information we have received has been given by the Baltimore office in response to verbal questions asked by our national office because of phone inquiries we received from our member institutions. These calls from members lately range from 3-5 a week. On February 2, 1982, in response to our verbal request, the Baltimore office mailed us a copy of an official telegraphic message containing questions and answers about student benefits; this had been released by the agency to the local offices of SSA.

No forms have been received which could be used at either the high school or college levels for guidance. The SSA has asked us to inform our membership that high school students should be referred to the local SSA office for assistance on student benefits.

From the evening of February 5 through the 9th, 1982, our Executive Committee met in conjunction with the annual meeting of our southern regional association. That association is composed of the 12 states listed on the attachment. Around 500 members were present. From a session and personal conversations with the institutional members we concluded that approximately 1/4 of the institutions have now developed plans within regular institutional procedures to assist high school students concerning enrollments before May 1. Most indicated that press releases had been apparent only in the last few weeks. Most urban institutions and minority colleges indicated that the loss of the benefits was a loss to the family for the cost of living expenses rather than for college cost.

ANNUAL MEETINGS
Sixty-eighth annual meeting, April 18-23, 1982 Kansas City
1983 Boston — 1984 Denver — 1985 Cincinnati

Because the impetus has just begun to build, due to the late press releases, we believe that it is premature to develop data on how many probably will be cut from education because of the lateness of the releases in the press or the overall effect on enrollments due to the double cutback proposed in the Pell grants.

Our association has its annual meeting in Kansas City from April 18-23, 1982. Generally around 2,000-2,500 individual members attend from institutions throughout the nation. If a sampling is desired on certain issues, it is possible that we might be able to help, if such a time frame is not too late for your consideration.

Sincerely,

Hazel E. Benn
Assistant Executive Director

HEB/byb
Enclosure: List of SACRAO Membership by State

SOUTHERN ASSOCIATION OF COLLEGIATE REGISTRARS AND ADMISSIONS OFFICERS

SACRAO MEMBERSHIP BY STATE

Alabama
Arkansas
Florida

Georgia
Kentucky
Louisiana

Mississippi
North Carolina
South Carolina

Tennessee
Texas
Virginia

Chairman **Pickle**. I thank you, Ms. Benn.

Earlier the SSA Administrator, Mr. Simmons, had stated that since we have enacted the law, that they have received very little criticism about the change and the manner in which they were handling it, and that was his statement.

I don't know what he means by very little criticism. You have just said that since this has come about, you had had oodles of complaints. Can you tell me how many "oodles" are?

Ms. **Benn**. These institutions nationwide are trying to find out where to get the information; a person in this room from his office if he is still here, can tell you that he has had very many calls over in Baltimore from us trying to get information on what we should tell the people who call in.

A lot of it has had to do with counseling, that is, what do we do with 120 students? There are 70 of them who are only 17. What do we tell them? You tell them to go to the social security office, but they have found that the local SSA people don't always understand what has been put out in the form of a regulation.

Chairman **Pickle**. I am inclined to agree that whatever reaction in the past has been is very small compared to what it will be.

The inavailability of benefits has just now hit and these inquiries will be coming in by the thousands now.

Well, I thank you very much.

I would like to hear from Dr. Dallas Martin.

STATEMENT OF A. DALLAS MARTIN, JR., EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Mr. **Martin**. Thank you very much, Mr. Chairman.

In response to Mr. Simmons' comment that SSA received very little criticism in the fall, the primary reason is nobody knew what was happening to them, and it has just now become clear to most American families what was involved in the Gramm-Latta package last year.

The fact that the Social Security Administration failed to make any timely notification is why we find ourselves in the current dilemma.

We called the Public Affairs Office of the Social Security Administration last August to inquire about what steps would be taken to notify students across this country.

We were informed at that time that a brochure was prepared, and we did receive a copy of the flier that Mr. Simmons was pointing out, and were assured this would be distributed to students no later than the first of the year.

That was of equal concern to us, because while we have opposed the elimination of these benefits, we also were very concerned that students be given adequate time to apply for alternative sources of financial aid.

The application that students and parents must complete asks them to list how much they are going to receive through the Social Security Administration for educational benefits and the number of months that they will be receiving those benefits. That is calculated into those formulas for the needs test as a resource, and therefore we knew that if people were not aware that their benefits were going to be reduced, but also unaware of the change in terms of the summer requirements, that many families would overstate the amount of benefits that they would receive, thereby reducing their eligibility for other kinds of need assistance which was originally supposed to be available to take the place of the lost benefits.

That has not occurred. Many, many students have already completed their aid application forms for the coming year. Yet we find out today that SSA has decided at the end of this month to finally do a mailing to these individuals about benefit changes. A majority of the student applications will be in error, and institutional aid administrators will have to go back and change all of those benefits by recontacting students to find out what are their true benefits. This expense could have been avoided with timely notification, so we are a little appalled in the manner in which SSA has failed to properly inform people of the changes in statutes.

We have heard some solutions proposed here today. We are not going to be able to totally correct this no matter what we do, but in fairness to people who are out there counting on this, moving the May 1 date back such as Congressman Downey suggested earlier, to October, would certainly provide some protection for many of those people.

It seems to me, as Mr. Davis has suggested, that the definition of being enrolled is critical. The law and the guidelines specify you must actually be enrolled—which means being in attendance.

Mr. Solomon suggested that we could move the date to July, but since we don't pay benefits in July, that does not deal with the problem at all.

By moving it to October as was suggested by Mr. Downey, we would be more responsive to the concerns.

Chairman PICKLE. It would also cost more money.

Mr. MARTIN. It will. The estimates were $245 million spread over the 4 years of those additional people. You made a statement that you were concerned about, on one hand, phasing out the educational social security benefits, and simultaneously dropping other forms of student aid. We are also concerned about that and discussed that matter with the Carter administration and with the current administration about their intent. We were assured that we could redirect these benefits because the financial aid programs would take up the slack. That is certainly not the case, particularly when you realize that on Monday when the President's budget comes out, that the recommendations will be for about a 50 percent reduction in our student aid programs under title IV.

Pell grants currently funded at $2.3 billion will be reduced to $1.4 billion. There will be elimination of student aid programs and the college work study program is being reduced, so that does not provide the protection for these needy students.

Chairman PICKLE. You say you have been assured by representatives of both the Carter and the Reagan administrations that they would not phase out these programs?

Mr. MARTIN. That is what we were informed.

Chairman PICKLE. Who in the administration, some official, what department or what group, or what individuals did you talk to that said that they would not?

Mr. **Martin**. We were in debates, and we talked about this with the Department of Health and Human Services, as well as people from the Department of Education. They indicated to us the reason was to provide the additional monies in terms of the savings of the trust fund, but certainly this administration would support continuation of other benefits that are need-based to provide support for those needy people. That is clearly not happening.

Chairman **Pickle**. We will need to establish that, and I won't try to pin down an individual, but I need to know the Department or agency and/or the individual. That has been my clear understanding from the very beginning. Congressman Shannon and I and others thought at the beginning of last year if we did this we could keep the student aid program strong, and that was the indication, and the promise I thought they had made to us.

Mr. **Martin**. We thought so, too.

Chairman **Pickle**. You help us by getting the information.

Mr. **Martin**. Thank you, Mr. Chairman.

[The prepared statement follows:]

Statement of A. Dallas Martin, Jr., Executive Director, National Association of Student Financial Aid Administrators

Mr. Chairman and members of the subcommittee, we appreciate the opportunity to appear before the Subcommittee today to express our concerns about the elimination of the educational social security benefit and the confusion that has been created among current and future recipients due to the lack of adequate notification by the Social Security Administration. At this time I would ask that our statement be entered into the Hearing record.

Our Association, which represents 2500 institutions of postsecondary education, has on numerous occasions in the past opposed the elimination of the educational social security benefits for students enrolled in postsecondary education. While we have always realized that some overlap has existed between other forms of student financial aid and social security benefits, we have suggested that this problem could be dealt with by requiring that the Social Security educational benefits be counted as a resource to be applied against educational costs before providing the student with other forms of financial aid. The Administration, like other Administrations before it, last spring, contended that the program should be phased out since it was felt that needy students could be served by the other student aid programs. We, on the other hand, have repeatedly tried to point out that given the number of students and the amount of financial resources involved a reduction in the social security educational benefit would so greatly increase the demands on Pell Grant and other student aid programs that many students would find there is simply not enough money available to meet their needs.

Our basis for this contention is founded upon data discovered during a recent GAO Study which showed that 84 percent of the families receiving social security student educational benefits have annual incomes of under $20,000. More significantly, 71 percent of these families had incomes under $15,000, 53 percent had incomes under $8,000, and 29 percent had incomes under $6,000. Additionally, the GAO Study pointed out that 20 percent of those students were black while black students comprise approximately 11 percent of the college population. Data for Hispanic students is not available but is probably also disproportionately represented.

Forty-eight percent of these students come from blue-collar families whose children make up 20 percent of the general college population. Thirty-five percent come from families in which the father had not completed high school. Such students represent 20 percent of the general college population. We have also noted that a study done by the Social Security Administration indicated that these students, like those who attend college on the GI bill, were especially highly motivated and more likely than other students to complete their academic programs. These students usually worked and obtained a student loan to help pay for their educational costs.

Given these facts, we have always maintained that a reduction of such benefits would certainly impact negatively upon the college attendance patterns of these students. Nevertheless, the Omnibus Budget Reconciliation Act, enacted on August 13, 1981, contained provisions which would alter the current eligibility provisions and gradually phase out the benefits by April of 1985.

In light of the passage of the Omnibus Budget Reconciliation Act, our office in late August contacted the Social Security Administration to ascertain when students would be informed that their benefits would either be eliminated or reduced for the 1982-83 academic year. At that time, we were informed that such notification would be made prior to January of 1982. Unfortunately, this did not occur and more recently we have been told that it will now be April before students are officially notified of a reduction in benefits. Unfortunately, such late notification will not provide parents and students with adequate leadtime to explore other financial alternatives to help compensate for the reduced aid they must replace as the program is phased out. In addition, students expecting benefits they will not receive will overstate their resources when completing student aid application forms for the coming year.

As you probably know, most students who wish to be considered for student financial aid at institutions of postsecondary education are required to begin filing their applications for the 1982-83 academic year between January and April. Since social security benefits are utilized as one of the measures of financial strength in determining the student's need for Federal, State, and institutional financial aid, it is essential that applicants report these benefits accurately on their application forms.

The Depatment of Education's current application for Federal student aid requires students to include the amount of social security educational benefits they will receive per month and to specify the number of months they expect to receive the benefit during the 1982-83 school year. If an applicant assumes that there will be no change in his or her social security benefits from those previously received, and reports the information as such on the financial aid application form, the student's financial need will be understated. As a result, the amount of financial aid awarded to that student will be less than the amount awarded had the student's need been determined with accurate information.

While financial aid administrators at institutions throughout the country are well aware that benefits are being reduced, there is currently no procedure by which neither the Federal and private financial aid processors, nor aid administrators can easily rectify the situation created by inaccurate reporting of this information. You can rest assured that aid administrators will attempt to alert applicants of this change. However, many students, due to lack of notification from the Social Security Administration, will apply for assistance before they are identified as applicants to the institution. Therefore, the student will have to file a correction to his or her application which will, in turn, result in delays in receiving a correct amount of financial assistance. There will surely be a great deal of confusion even before this laborious correction process can be initiated. These factors will also greatly increase costs and burdens to parents, students, institutions, financial aid administrators, and to the Government's own financial aid application processors. The failure on the part of the Social Security Administration to properly notify students in a timely manner will undoubtedly come as a shock to many parents and students this spring. They will be taken aback when they find out what has really occurred. As a result, some of these students will be forced to alter their educational enrollment plans. Others will find that alternative sources of other student aid funds have already been exhausted or that they now must undergo a tedious process of resubmitting application data in hopes of achieving some additional financial assistance. While the members of our association will certainly do what they can to accommodate these affected students, recent reductions in all other forms of student financial aid will make it virtually impossible to adequately assist many of these individuals. Unfortunately, a disproportionate share of students having to endure the brunt of these reductions will be those from low-income families who are the least sophisticated in dealing with the systems and procedures that will affect them. While proper notification in and of itself would not have eliminated all of the problems these people will have to face in the coming few months, it should have been undertaken by the Social Security Administration last fall. We have, therefore, sent a letter to Secretary Richard S. Schweiker, encouraging him to insure that the Social Security Administration begins the notification process as soon as possible. And, we would hope that the members of this Subcommittee would encourage the Social Security Administration to begin immediate notification of all affected parties.

We thank you for the opportuntiy to be here and would be happy to respond to any questions you may have.

Chairman Pickle. Dr. Patrick McDonough.

STATEMENT OF PATRICK J. McDONOUGH, ASSOCIATE EXECUTIVE VICE PRESIDENT AND DIRECTOR OF PROFESSIONAL AND GOVERNMENTAL AFFAIRS, AMERICAN PERSONNEL & GUIDANCE ASSOCIATION

Mr. McDonough. I appreciate the opportunity provided to us to speak to you on this very important issue.

There has been a lot of indication given about early notification by the Social Security Administration.

The only document we have received is this document right here which we received on the 7th of January which got to us on the 18th of January. It contains 14 pages of detailed single lined print on all the social security changes. No where was this association directed toward student benefits changes.

Chairman Pickle. When did you get that?

Mr. McDonough. On the 18th of January of this year.

We are concerned about that kind of notification and our people across the country are, too.

Fortunately, I think a number of Congressmen have been on the ball, particularly Mr. Peyser and Mr. Downey, in notifying people across the country about the changes.

I have attached a few things that tell what we have done about notifying people, things from our guide post, our association newsletter, Educational Week, a commercial newspaper, and also a letter that Congressman Peyser sent to counselors across the country. We supplied the labels.

Mr. Chairman, I urge this subcommittee on two fronts if I could. I urge you to seek assurances from the Social Security Administration that immediate notification of student benefit changes be sent to all eligible high school senior students and their families.

Second, I would urge the subcommittee to seek assurances from the Social Security Administration that it would send notices to all public and private schools, community colleges, colleges and universities in the United States through its local offices, so that these changes would be highlighted and pinpointed as being losses.

Then the administrators, counselors and admissions people would be informed, and they in turn could inform the family and students that benefit.

I would also like to suggest to you and the subcommittee that laws brought about by reconciliation process can be undone by the same process.

We in the counseling field would hope you would carefully review the student social security benefit provisions with an eye toward their restoration as they existed before August 13, 1981.

Nothing will undo the harm done to this year's eligible high school seniors, their college choices, and possible career plans, but perhaps currently ineligible high school juniors, sophomores and freshmen who need the financial support which would be given by OASDI student benefits could be helped by this subcommittee, and the Congress through the restoration of the student benefits provisions.

The American Personnel and Guidance Association hopes you will weigh these suggestions in this testimony, and we would also volunteer to work with you in any way that you would like.

[The prepared statement and attachments and a letter received subsequent to the hearing follow:]

STATEMENT OF DR. PATRICK J. MCDONOUGH, ASSOCIATE EXECUTIVE VICE PRESIDENT AND DIRECTOR OF PROFESSIONAL AND GOVERNMENTAL AFFAIRS—AMERICAN PERSONNEL & GUIDANCE ASSOCIATION

Mr. Chairman, my name is Patrick J. McDonough. I am the Associate Executive Vice President and Director of Professional and Governmental Affairs for the American Personnel and Guidance Association. The American Personnel and Guidance Association is a national, professional, nonprofit organization of over 40,000 conselors, student personnel workers and mental health practitioners serving children, youth and adults through educational settings from pre-school through college and university; rehabilitation agencies; mental health clinics; business and industrial settings; and also in private practice. The Association is comprised of thirteen national divisions and 56 State Branches (including District of Columbia, Puerto Rico, Latin America, Virgin Islands, Philippine Islands and European Branches).

I appreciate the opportunity provided today by you and the Social Security Subcommittee to express the concern of the counseling profession, particularly my education based counseling colleagues, about the elimination of Student Benefits to new post-secondary students brought about by changes made in the Old Age, Survivors and Disability Insurance (OASDI) through the enactment of Public Law 97-35, Omnibus Budget Reconciliation Act of 1981. Counselors all over the country are concerned that no official notice to eligible students and their families, that we know of, was given about the elimination of the benefits, the phase out process for senior high school students still eligible, and the May 1982 date for enrollment in college as full time students for these high school seniors to qualify for final benefits in the phase out of the program. Fortunately, several Congressmen and their staffs were on the ball and alerted the education community and the education and public press so that this information has been transmitted nationally to educators (counselors, teachers, and administrators) and hopefully in turn to eligible students and their families. Attachments 1 to 4 are submitted for the record which detail some of this coverage by the American Personnel and Guidance Association's Guidepost, Education Week, The Chronicle of Higher Education, and Congressman Peter A. Peyser's (D-NY) letter to counselors across the country. Other communications from other sources have also been sent.

It is unclear how many students will be affected, but the numbers range from 40,000 to 300,000 nationally. I guess only the Social Security Administration's computers know for sure.

Mr. Chairman, Public Law 97-35 with its modifications to the Old Age, Survivors and Disability Insurance is law and those of us assembled here can't do anything about that now. However, there are several things that can be done.

(1) I would urge this Subcommittee to seek assurances from the Social Security Administration that immediate notification of the student benefits changes be sent to all eligible high school senior students and their families.

(2) Further, I would urge this Subcommittee to seek assurances from the Social Security Administration that it would send notices to all Public and Private High Schools, Community Colleges, Colleges and Universities in the United States, through its local offices, so that the changes in OASDI benefits will be officially known by these institutions, their administrators, counselors and admissions people.

Mr. Chairman, I would also like to suggest to you and the Subcommittee that laws brought about by a reconciliation process can be undone by the same process. We in the counseling field would hope you would carefully review the student Social Security benefits provisions with an eye to their restoration as they existed prior to August 13, 1981. Nothing will undo the harm done to this year's eligible high school seniors, their college choices or lack thereof and possible career plans. But, perhaps currently ineligible high school juniors, sophomores and freshmen, who need the financial support which would be given by OASDI Student Benefits, could be helped by this Subcommittee and the Congress through restoration of the Student Benefits provisions. The American Personnel and Guidance Association hopes you will weigh the suggestions made in this testimony and change this law back to its previous status.

I appreciate this opportunity to represent the counseling profession, and the students and parents they serve, on this important issue. I stand ready to answer any questions you might have.

[Attachments]

[From the Guidepost, Jan. 14, 1982]

COUNSELORS MUST ACT, PREVENT LOSS OF STUDENTS' SOCIAL SECURITY BENEFITS

Counselors must take swift action to keep high school students from being cut off from Social Security benefits for postsecondary education.

The Omnibus Reconciliation Act (President Reagan's budget cuts) which was passed last summer is so extensive and complicated that a number of newly discovered plans are just coming into view. One such fact is that high school seniors in widowed families are about to lose four years of Social Security payments for their college years unless they somehow push up their schedules and begin attending college full-time by May 1, even before their high school graduation. Prior to these cuts, students were entitled to receive benefits until they were 22 years old or graduated from college.

In addition, benefits for students who are now juniors and below in high school were eliminated, explained Toby A. Meisel, a widow with teens who is the legislative expert on Social Security intricacies to Rep. Thomas J. Downey (D-N.Y., 2nd). Benefits for present college students were reduced with stipends issued only eight and not 12 months a year and with a 25 percent reduction each year until the program officially ends in 1985.

There will be no mailing on this provision until early spring for some 40,000 "transition" students, said Meisel, "when it will be too late for students (whose parents are widowed, disabled or retired) to do anything."

She explained that Downey took the initiative about informing his constituency since "most members of the House and Senate aren't" because they voted for these cuts. "It's become an unpopular thing to deliver bad news to the constituency," said Meisel.

"After we realized no one was telling the story" of how these seniors could lose up to $2,400 a year while in school, Downey sent messages to all the colleges and universities in that state and to the guidance departments of every high school, added Meisel, whose younger sophomore son is now ineligible for any of this type of financial assistance.

Guidance counselors can most efficiently and expertly help these students she said. "The results were fabulous," she said, speaking of the counselors' reactions. "They called me by the hundreds," she said, adding that the professionals "worked weekends and nights, held seminars, called in Social Security people, argued and screamed" while helping the students.

There are three choices for students, she noted, saying students can just let the financial aid go or those same students with enough credits can start college now while others can attend both high school and college at the same time. She stressed that high school graduation is not a prerequisite of the Social Security Administration—but it may be for admission to colleges and universities.

She suggested some simple yet critical steps guidance counselors can take:

(1) As soon as counselors become aware of this development, they should make an announcement over the public address system in their schools calling a meeting with students who are receiving these benefits and are expecting to continue their education.

(2) Help the students determine where they can apply and have them go home that night and discuss their situation with the parent.

(3) Time is critical and in the next 24 hours the guidance counselors and student can contact schools and apply for admission. Students can request a phone rather than letter notification from the college or university.

"There's nothing to be done with the Social Security Administration immediately," said Meisel, who noted all the action will be in contacting schools, supplying records and receiving confirmation.

There's a lot of work cut out for counselors and yet the students will be feeling pain pangs as well, said Meisel. In many cases, these students will be leaving home earlier than expected and possibly attending a school they might not have wanted for a semester before being able to transfer. "There's a lot of sacrifice on their own part and for a lot of guidance counselors as well," she added.

Those who have questions about the Social Security Administration plans should contact their local office, noted a spokesperson for the administration's national headquaters in Baltimore, Md. Local Social Security personnel should be well versed in this development, and if not, expertise can be drawn from regional and national offices.

[From Education Week, Jan. 12, 1982]

Agency Will Not Notify Students Of Cuts in Aid

(By Tom Mirga)

A deliberate decision by the Social Security Administration not to warn the children of widows, widowers, retirees, and disabled persons that they probably will not be eligible for education benefits after this spring could substantially upset the college plans of as many as 300,000 high-school seniors.

BENEFITS PHASED OUT

In its frantic and unprecedented budget-slashing last summer, Congress voted to phase out the agency's $2.4-billion program of educational benefits for postsecondary students beginning May 1, 1982. Students not enrolled full-time in a postsecondary institution by that day would become ineligible for benefits that now average about $2,700 per year.

Until recently, the decision to end the program had gone largely unnoticed by the general public and the media. (See Education Week, Dec. 21.)

Consequently, according to higher-education officials and school guidance counselors, many high-school seniors now eligible for college aid are unaware that they will become ineligible for the benefits on May 1.

There is also much uncertainty about the Social Security agency's estimates of the number of high-school seniors who would be affected by the program cuts. Some agency officials set figures that ranged as high as 150,000, while others said the number could be as low as 40,000.

Another agency official, who asked not to be identified, said the number is closer to 300,000.

ERRONEOUS ASSUMPTIONS

Many of these students, the officials say, will probably assume they are still eligible and will erroneously report the expected Social Security assistance as part of their projected income when filing financial-aid forms with colleges.

By the time the error is discovered, it may be too late for such students to obtain financial aid from other sources.

Not only has the Social Security Administration decided not to warn students of their potential loss, but the agency, according to official spokesmen, it is continuing to send an outdated notification form to all eligible students five months before their 18th birthdays. The form, which contains no mention of the program revisions, simply informs students that they could be eligible for the aid and advises them, if interested, to contact a branch office of the agency for more information.

This will only compound the problems, some observers contend, because such an announcement implies that the benefits are available—and the students may not discover otherwise until they apply for the aid at local Social Security offices.

Students whose 18th birthday falls after July 1982 will not receive the Social Security letter until next month or later—by which time many of them will have accepted admission to college and filed their financial-aid forms.

Asked why a separate announcement or the notice sent to current Social Security recipients before their 18th birthdays could not inform them of the phase-out of the benefits program, Social Security officials said costs, logistical problems, and bureaucratic delays made it impractical.

One Social Security official who asked not to be identified added that the confusing nature of the federal budget-reconciliation process last summer prevented the agency from preparing for the cuts in advance. "There were several versions of the bill being offered at once with a lot of jockeying around and last-minute revisions in the committees," the official said. "We didn't know what we'd be getting up until August."

WILL BE NOTIFIED

The agency does, however, plan to inform student beneficiaries already enrolled in college of the program changes. According to agency officials, the notice will be attached to the student's end-of-year report—a standard form that participating students receive twice yearly—and will be mailed in late February.

John B. Trollinger, a spokesman for the Social Security agency, suggests that the decision not to inform high-school students of their potential loss of benefits was based less on logistics than on an effort to avoid pointing out a "legal loophole" in the new law: the possibility that students might somehow qualify for the benefits by enrolling in a postsecondary institution before May 1.

And that is apparently happening to some degree. Hauppauge High School in Suffolk County, N.Y., is arranging early graduation for students affected by the phase-out of the program, and some colleges are establishing dual-enrollment programs for such students.

Mr. Trollinger said the agency did not want to take any action that would have alerted students to the possibility of retaining the benefits by graduating early and enrolling in college before the May deadline.

"It is not the intent of the [Social Security] administration to notify students of methods on how to circumvent Congress's action," he explained. "The administration accepted the Congressional mandate to remove those students from Social Security rolls, and it was the clear intent of Congress for us to go through with those changes immediately."

In interviews, however, Congressional aides offered very different opinions on the actual intent of program revisions, particularly on the reasons for setting May 1 as the cutoff date for eligibility.

"Congress never said that current high-school seniors were to be excluded from the program," according to a Senate Finance Committee aide.

"All that the bill said was that all students enrolled in college before May 1982 were covered. The bill was never meant to preclude them from using the option of early graduation" in order to qualify for the benefits.

Other Congressional aides explained that under the Reagan Administration's proposal to eliminate the program, only those students who were enrolled in colleges by Sept. 1, 1981, would have been "grandfathered" into the program.

This, they said, would have disqualified students who graduated from high school last June but did not register full time before Sept 1.

"There was a feeling among some members of Congress that those first-term college freshmen shouldn't be cut from the program," said another staff member of the Senate Finance Committee.

"The June graduates had already made plans in advance, such as filling out financial-aid forms. Their colleges had already calculated their financial aid using that data. If we had cut the benefits in September as the Administration had requested, we would have left a lot of people high and dry."

The May cutoff date was chosen, the staff member said, in order to give the June graduates ample time to enroll in colleges so they could qualify for the benefits. "We never really considered the May date a loophole for current high-school seniors who wanted to graduate early," he said. "The issue never came up, as far as I can tell. If Congress wanted to prevent them from qualifying, it could have placed language to that effect in the bill. I guess they just didn't think about it."

Several Congressmen, however, apparently did think of the potentially disastrous effect the cuts could have on unsuspecting high-school and college students. According to John P. Mallan, a vice president of the American Association of State Colleges and Universities and chief education lobbyist on the issue last summer, they promised "to light a fire under Social Security" to warn the students of the revisions.

Assistants to the legislators who made those claims, however, said the warning effort was never organized, partly because the program cuts "were lost in the crunch and crush of the reconciliation process."

"It was a funnny deal in that we expected much more hue-and-cry about getting notices out," said a staff member of the Social Security subcommittee of the House Ways and Means Committee. "But there really was quite a bit of support for the President's budget-cutting proposals at the time, at least a lot more than we expected. I guess that no one wanted to be the harbinger of bad news, even if it was their actions that caused it."

Another senatorial aide said that shortly after the budget cuts were passed last summer a Social Security official assured her both current and potential beneficiaries would be notified of the change.

"This was very early in the game and was done in a very casual manner, so we didn't press the matter any further." the assistant said. "I had no idea that they had made a decision against sending the notices to high-school students. That's very upsetting."

According to a brochure, titled "Social Security Checks for Students 18 to 22," which officials say is available in local Social Security offices, students who were receiving Social Security benefits of any sort prior to September 1981 will continue to receive monthly payments until they finish school, reach age 22, or through April

1985—whichever comes first—provided that they are in full-time attendance in college or other postsecondary institutions before May 1982.

New regulations, however, make the following changes:

Eligible students will no longer receive checks for May, June, July, or August beginning this year even if they attend school then.

They will no longer be eligible for any future general benefit increases, as will other beneficiaries.

The amount of their future payments will be gradually reduced. Students will receive: 25 percent less beginning with the September 1982 check (which is due on Oct. 1); 50 percent less effective September 1983; 75 percent less effective September 1984; and no more checks after April 1985.

Students who first qualified for any sort of Social Security aid in September 1981 or after and who are currently attending college or another postsecondary institution will receive checks only through July 1982, according to the brochure. No checks will be paid for any month after that.

Students who received their first Social Security check in September 1981 and who are still in high school will also continue to receive benefits through July 1982. Beginning in August 1982, however, they will stop receiving checks upon reaching age 19 except that:

A student can continue to receive payments until the end of the term in which he or she turns 19.

If the student's school does not operate on a semester or quarter basis, the checks may continue until the student completes the course or for two months after the month he or she turns 19, whichever comes first.

The 16-year-old education-benefits program has grown tremendously since it began in 1965. That year $165 million was disbursed to 206,000 students, who received monthly benefits that averaged $66.73, according to Social Security officials. Last month, the officials said more than 760,000 shared about $196 million in benefits, which now average $258 per month.

There is some confusion about the accuracy of these figures, however. Last month, for example, one Social Security official said the total number of students receiving benefits in April 1981 was 904,000.

Another agency official reported that in December 1980 a total of 733,758 students received the benefits. By December 1981, he said, that figure had only risen to 760,508. The second agency official also reported figures that indicated that participation in the program peaked in December 1977, when some 856,000 received student-benefit checks.

[From the Chronicle of Higher Education, Jan. 20, 1982]

STUDENTS RUSH TO BEAT CUTOFF OF SOCIAL SECURITY AID

(By Janet Hook)

With thousands of students facing a May 1 deadline for enrolling in college or losing their eligibility for Social Security education benefits, some high-school seniors are trying to get an early start on their college careers this spring.

Although such moves to beat the May 1 cutoff of benefits—and special efforts by colleges and universities to accommodate such students—have been seen only in scattered regions thus far, the numbers are expected to grow as more high-school seniors and their families learn of the impending elimination of a $2.3-billion program by the Social Security Administration.

In its budget-cutting campaign last summer, Congress voted to phase out the Social Security student-benefit program, which aids students if one of their parents is dead, disabled, or retired. In 1981 the program provided benefits averaging $3,000 a year to about 700,000 students, according to the Social Security Administration.

Under the phase-out plan approved by Congress, students who have not enrolled full time at an institution of higher education by May 1 will no longer be eligible to draw benefits.

Most beneficiaries enrolled by May 1 will be able to continue receiving payments, but their benefits will be gradually reduced under provisions designed to end the program by 1985.

The cuts received little public attention at the time Congress approved its massive package of budget reductions. In recent weeks, educators and legislators have tried to spread the word of the impending cutoff to high-school officials and students, while criticizing the Social Security Administration for failing to do so.

"We're still trying to inform people, trying to beat the clock," said Mary E. Post of the American Personnel and Guidance Association.

ANXIETY PROMPTS INQUIRIES

In some areas where the word has been spread, college officials have received inquiries from anxious parents and students hoping to avoid the May 1 cutoff by enrolling in college for the winter or spring term.

Such students have few options, officials say. Some colleges have already begun the second semester, amd many students learned of the impending changes too late to accelerate their programs in time to enroll this spring.

Some institutions, however, have more flexible academic calendars, with well-established programs for high-school students who graduate in January or provisions for the dual enrollment of students who are expected to complete the requirements for a high-school diploma.

On Long Island, N.Y., where an active group of college and high-school officials have been spreading word of the impending Social Security changes since fall, Suffolk County Community College has enrolled 400 high-school students under its early admission program. That is a tenfold increase over last year, said Douglas W. T. Steele, director of admissions at Suffolk. He attributed it to the enrollment of students facing the loss of Social Security benefits.

Mr. Steele said he expected few of those students to continue at Suffolk, because most had already been accepted by other colleges for the fall.

Mr. Steele reported that few of his colleagues elsewhere in New York had seen a comparable influx of applicants for early admission. Things are "pretty quiet," Mr. Steele said, "but they won't be quiet a couple of months from now," as the May 1 deadline draws near.

EFFECT AT HOFSTRA

At Hofstra University, Joan E. Isaac, director of admissions, said about a third of its 60 entering freshmen for the spring were high-school seniors who would have been affected by the Social Security cutoff.

In addition, Hofstra officials said, as many as 600 of its 6,000 students will be affected by the reduction in payments to current beneficiaries.

In Michigan, Delta College will begin four spring-term courses on April 28—a week before the regular opening of the term—to accommodate high-school students affected by the Social Security cutoff.

In the Washington State legislature, three Democratic Senators introduced a bill last week that would allow colleges to enroll students in April. Although legislation is technically not needed for colleges to alter admissions policies, a staff member said the bill would give such action an "official stamp of approval."

At Dundalk Community College in Maryland, officials have set up a special program, "Project Helping Hand," to advise students who are affected by the cutbacks.

"A lot of folks were caught off guard by this," said Michael Galliazo, director of admissions at Dundalk. "But we don't want to do anything that would encourage students to drop out of high school."

At the University of South Alabama, officials have only recently begun to receive inquiries from families affected by the impending cuts.

Although the university has an early admissions program for academically qualified high-school students, J. David Stearns said the university's facilities and faculty might not be able to handle the unexpected addition of many high-school students.

The Social Security Administration has recently come under fire from school officials and education groups, including the American Association of State Colleges and Universities, for failing to notify students of the impending cutbacks or the elimination of eligibilty for the benefits.

John Trollinger, a spokesman for the Social Security Administration, said pamphlets explaining the changes in student-benefit guidelines had been available in local Social Security offices since last fall, and that students now receiving benefits would be notified in late February or early March of the scheduled reductions in their benefits over the next three years.

The Social Security Administration plans to send no direct notice to high-school seniors about the elimination of benefits for those not enrolled in college by May 1. Instead, it will continue its past practice of sending notices to such students five months before their eighteenth birthdays, asking them to report their college plans. After those forms are returned, Mr. Trollinger said, students will be told of the cutoff of student benefits by local Social Security offices.

WARNINGS FROM CONGRESSMEN

Under that procedure, he said, only students whose eighteenth birthdays fall before July, 1982, have been sent such forms so far.

At least two U.S. Congressmen have acted to give their constitutents more direct advance warning of the coming cutbacks. Rep. Thomas J. Downey, Democrat of New York, sent letters last fall to every college in New York State and every high school in his district to alert them to the changes in Social Security law. Rep. Peter A. Peyser, another New York Democrat, plans to send a similar letter to almost 14,000 guidance counselors around the country.

Despite those efforts, many educators fear that students will learn of the new Social Security restrictions too late to change their academic plans to avoid the cutoff, or, if they are already drawing benefits, to find other sources of aid to compensate for the reduced aid they will receive as the program is phased out.

Dallas Martin, executive director of the National Association of Student Financial Aid Administrators, said students who are not aware of the new Social Security guidelines might overstate the amount they expect to receive in such benefits when they apply for other sources of aid—which might mean they would receive less money than they are entitled to from other loan and grant programs.

One Social Security official emphasized that to qualify for benefits high-school seniors seeking admission to college before May 1 must be enrolled full time—according to the regular standards set by the institution for students. If an institution sets special standards of full-time attendance for students of full-time attendance for students affected by the Social Security changes, the official said, "we won't recognize those standards."

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVE,
Washington, D.C., January 12, 1982.

DEAR COUNSELOR: With the enactment of the Administration's budget reduction package last year, major changes were made in a great number of domestic programs. Among the changes is the scheduled elimination and phase-out of the Social Security student's benefit for persons attending institutions of higher education or other post-secondary schools.

Since the students benefit will not be eliminated until May 1982, seniors in high school or students enrolled in GED programs, who have been receiving Social Security children's benefits as of August 1981, still have time to qualify for the student benefit for their post-secondary education. In order to do this, these students must be enrolled and attending classes at a post-secondary school, on a full-time basis, by May 1982. Although student benefit payments would be discontinued over the summer months and would be reduced by 25 percent each year, some assistance would be available until a person finishes school, reaches age 22, or until April 1985, whichever comes first.

Those students who have been receiving the children's benefit but have been worried that the Social Security cuts could prevent them from continuing their education, may therefore want to take advantage of this opportunity. If these students have accumulated credits sufficient to complete high school, early graduation and enrollment in college by May of 1982 is an option they may want to consider. Since full-time attendance at a post-secondary school by May of 1982 is essential to extend eligibility, while actual graduation from high school is not, alternate arrangements to meet the high school's graduation requirements and the requirements for matriculation at the post-secondary school may also be made by a student.

While it is regrettable that some people will find themselves in a position of having to accelerate their last year of high school to qualify for these benefits, I feel it is important to inform those students who have been receiving the Social Security children's benefit that their eligibility for post-secondary benefits can be assured. Since the Social Security Administration was not planning on making any special effort to notify those students who would be affected, I have taken the liberty of writing to you and other counselors throughout the country. I trust you can apprise those eligible students of the availability of benefits so they can make a determination of what is in their best interest. Questions about a student's specific situation should still be directed to the local Social Security office.

Sincerely,

PETER A. PEYSER.

[From Infosystems, January 1982]

DP Overload Threatens Social Security Benefits

The Social Security Administration (SSA) has fallen so far behind in processing data on employee earnings that some workers could lose part of their retirement benefits. One reason for the lag, according to SSA spokesmen, is problems encountered in transferring information to the agency's computer system—which Social Security officials term "antiquated."

The problem had its roots in a 1978 change in employer wage reporting requirements. The switch from quarterly to annual reporting resulted in a once-yearly avalanche of forms, which the SSA's outmoded DP system was unable to handle.

Since then, the agency has been striving to catch up with its processing, and has cleared up most of the backlog. Even so, records of hundreds of thousands of wage earners, stretching as far back as 1978, have not yer been processed. The SSA has been waiving its limitation on the time allowed to update and correct records "because we can't keep up with all the information pouring in", according to a spokesman. There is no way to be certain how many errors have been caused, or the number of retired persons who may have lost benefits due to them.

American Personnel & Guidance Association,
Falls Church, Va., February 8, 1982.

Hon. J. J. Pickle,
Chairman, Subcommittee on Social Security, House of Representatives, Washington, D.C.

Dear Chairman Pickle: I want to express my appreciation and that of the American Personnel and Guidance Association for the opportunity to testify at the Social Security Student Benefits Hearing on Friday, February 5, 1982. I thought your handling of the hearing was extremely fair, you appeared to be looking for solutions not operating on pre-conceived notions. For that you should be complimented.

I do hope that you will duly consider the recommendations this Association offered in your deliberations on this important matter. I would also subscribe, as a short term solution, to the suggestions made by Congressmen Downey and Solomon, to extend the May 1st deadline so that current high school seniors would not be disenfranchised from college opportunities which might be theirs.

I've reflected on the four questions that you asked each of us in the education panel to answer. Frankly, there are only two that I can respond to with any degree of accuracy. The first question, "What official notice did our Association get from the Social Security Administration on the Student Benefit changes?" Officially, we received, to my knowledge, only the attached document. I mentioned that in my testimony. It is a "Summary of Social Security Legislation and National Commission on Social Security Reform" transmitted January 7, 1982 by Eleanor J. Bader from the Social Security office in Baltimore, Maryland, and recieved by APGA on January 18, 1982. It is 14 pages of single spaced, detailed changes in the Social Security Administration's laws resulting from P.L. 97-35 and P.L. 97-123. There was no targeting to the counseling community and/or counselors in the schools through this association, calling attention to the Student Benefit changes. A copy of that document is attached for your information.

Your second question, "When we sought information from Social Security Administration, did we get it?" I must be candid in my response about this. We were made aware of the Student Benefit changes so late (January 18, 1982) that there was not time to query the Social Security Administration. Since then, we spent our time trying to disseminate information on the changes to the counseling community and our membership throughout the nation. To sum up, we did not seek information from the Social Security Administration so we really can't answer that question.

Your fourth question is also difficult. "How many students across the nation in Security Administration with forms attached, and were such forms in appropriate language format for students?" We received no forms and we asked for none.

Your fourth question is also difficult. "How many studens across the nation in high schools have been cut off because of the elimination of Student Benefits under the Social Security changes?" The commercial press, and I have some attachments citing articles in my testimony, has identified a range of students affected, between 40,000 and 300,000. Our Association has no mechanism to validate on a school district by school district basis the exact number of students affected by the elimination of Student Benefits under OASDI. It would be my guess the only agency that could correctly identify this number would be the Social Security Administration.

However, after hearing Mr. Simmons' testimony on February 5, 1982, it appears that the computerization of Social Security information in that agency is in deep trouble. I'd like to share with you two isolated items which may support the confusion that they are experiencing in their Data Processing operation.

Item 1. I am attaching an article from a magazine entitled "Information Systems." This speaks to the Data Processing systems problems.

Item 2. Our Association did a pilot study for employees relative to employee's contributions and the Association's contributions to Social Security through payroll deductions several months ago. Although we have faithfully contributed to the Social Security system since the inception of our Association in 1952, the Social Security records show no contributions in 1979 by any APGA employee and some doubt about contributions in 1980. Hopefully, this will get straightened out as it could adversely affect any employee of our Association who might be seeking retirement and the benefits accrued from Social Security contributions if such retirement was in the next year or two.

I can appreciate the fact that this Administration, as Mr. Simmons indicated, is working with a cumulative problem perhaps not of this Administration's making but a long time in development. Nevertheless, that does not exacerbate the situation. The responsibility to retirees and the responsibility of the Administration still exists.

Again, thank you for your invitation to participate in the hearing on February 5, 1982. Please share my appreciation for the contributions made by your other colleagues, Mr. Andrew Jacobs, Mr. James Shannon and Mr. James Martin. Their participation was duly noted by the education community.

Sincerely,

P. J. McDONOUGH, ED.D.,
Associate Executive Vice President.

P.S. I'm attaching a brochure that describes "What Is Counseling?" This may help you in understanding our role in working with children, youth and adults.

DEPARTMENT OF HEALTH AND HUMAN SERVICES,
SOCIAL SECURITY ADMINISTRATION,
Baltimore, Md., January 7, 1982.

SUMMARY OF SOCIAL SECURITY LEGISLATION

Enclosed is a summary of congressional action taken on Social Security Administration related bills during the first session of the 97th Congress.

More than 1000 SSA-related bills were introduced, 47 hearings on SSA issues were held, and major changes were enacted as a part of the Omnibus Reconciliation Act of 1981 (P.L. 97-35) and H.R. 4331 (P.L. 97-123) to restore the Social Security minimum benefit to current beneficiaries.

NATIONAL COMMISSION ON SOCIAL SECURITY REFORM

On December 23, Secretary Schweiker invited members of the Commission to serve in addition as members of the Social Security Advisory Council. Advisory councils are appointed every 4 years to review the status of the trust funds.

ELEANOR J. BADER.

Enclosure.

SOCIAL SECURITY LEGISLATION DURING THE 97TH CONGRESS, FIRST SESSION
(JANUARY 5, 1981 - DECEMBER 16, 1981)

ENACTMENTS

Public Law 97-35 (H.R. 3982), Omnibus Budget Reconciliation Act of 1981--Signed on August 13, 1981

Makes the following changes in the Old-Age, Survivors, and Disability Insurance (OASDI), Supplemental Security Income (SSI), Aid to Families with Dependent Children (AFDC), and Child Support Enforcement (CSE) programs and establishes a block grant for Low-Income and Home Energy Assistance (LIHEAP):

OASDI PROVISIONS

o Minimum Benefit. Eliminates the regular minimum benefit for months after October 1981 for all beneficiaries who initially become eligible for benefits after that date. The minimum benefit is eliminated for benefits payable for months after February 1982 for all other beneficiaries.

Provides that recipients age 60 through 64 who get their minimum benefits reduced under this provision, and who would be eligible for SSI benefits under present law if they were age 65, can receive an SSI payment in an amount not to exceed the difference between their newly-reduced Social Security benefit and the amount which they had been receiving under prior law. This special-SSI payment will not be adjusted for changes in the cost of living, nor will the recipient be entitled to State supplementary payments or to other benefits such as food stamps or Medicaid as a result of receiving the special SSI payment.1/

o Student's Benefits. Eliminates benefits to new post-secondary students age 18-21 who are full-time students at institutions of higher education or other post-secondary schools and allows benefits to elementary or secondary students only up to age 19, effective with benefits payable for August 1982. Certain students who begin post-secondary school before May 1982 may continue to receive benefits up until age 22; however, these benefits will be reduced 25 percent each year, and no cost-of-living adjustments or summer-month benefits will be paid.

o Disability Offset. Extends the Workers' Compensation (WC) offset concept by providing for a disability offset (the so-called Megacap) under which a worker's Social Security disability benefits are reduced (if necessary) so that the sum of disability benefits payable under Federal, State, and local public programs (with certain exceptions, such as Veterans Administration benefits) will not exceed the higher of 80 percent of the worker's "average current earnings" or the disabled-worker family's total Social Security benefits.

1/ P.L. 97-123 subsequently restored the minimum for current beneficiaries (and repealed the special SSI payment)--see p. 9 for complete explanation.

Also modifies the prior WC offset by extending the disability offset to disabled workers age 62-64, and by making the offset effective with the month of the individual's first concurrent entitlement to Social Securitydisability benefits and other disability benefits, instead of the month of application for Social Security disability benefits or, if later, the month in which the Secretary is notified of such other entitlement. In addition, the prior restriction against the offset when a State plan calls for reducing State WC benefits because of receipt of Social Security disability benefits, is limited to those States having such a plan in effect on February 18, 1981.

- Terminate Mother's and Father's Benefits When Child Attains Age 16. Ends entitlement for the mother or father caring for a child who receives child's benefits when the child reaches age 16 (rather than age 18, as under prior law).

- Payment of Benefits in Month of Entitlement. Provides that workers and their spouses (including divorced spouses) may not receive old-age benefits for a month unless they meet the requirements for entitlement throughout that month. The major effect, in the vast majority of cases, is to postpone entitlement to old-age benefits for persons who claim benefits in the month in which they reach age 62 to the next month.

- Lump-Sum Death Payment. Provides that effective for insured workers who die after August 1981, the $255 Lump-Sum Death Payment may be paid only to the spouse living with the worker at the time of death or to a spouse (excluding a divorced spouse) who is eligible for widow's or widower's benefits for the month in which the worker died. If there is no spouse eligible for the payment, it will be made to children who are eligible for monthly benefits in the month of death.

- Rounding Benefits. Provides that OASDI benefit amounts will be rounded to the next lower 10 cents at every step of the benefit calculation and then to the next lower dollar (after deducting any SMI premium) at the final step.

- Retain Social Security Earnings Test Exempt Age at 72 through 1982. Retains, through 1982, age 72 as the upper age limit at which the earnings test no longer applies; beginning in 1983, the limit will be age 70. (Under prior law, the upper age limit at which the earnings test no longer applies would have been lowered from 72 to 70 beginning in 1982.)

- Reimbursement of States for Successful Rehabilitation Services. Provides that the cost of Vocational Rehabilitation (VR) services provided by the States to Social Security disability beneficiaries will be reimbursed from the trust funds only if the disabled beneficiaries successfully engage in Substantial Gainful Activity (SGA) for 9 continuous months and if the VR services contributed to the successful return to SGA.

- Pension Information Reimbursement. Authorizes the Secretary to charge requestors the full cost of furnishing detailed earnings information to enable an employee benefit plan to comply with the Employee Retirement Income Security Act or for any other purpose not directly related to the administration of the programs under the Social Security Act.

SSI PROVISIONS

- Uncashed SSI Checks. Establishes a process for crediting a State for which SSA is making State supplementary payments with its share of SSI checks that remain unnegotiated for 180 days after the date of issue. An SSI check that is presented for payment after the State has been credited with its share of the payment will be honored. In these cases, the State will be recharged for its share of the amount of the paid check.

  The Treasury Department is required to notify SSA monthly of outstanding uncashed checks and SSA will credit States for their shares of that amount. SSA is required to investigate the reason the checks have not been cashed.

- Food Stamp Cash-Out. Changes the criteria for determining whether a State is providing cash in lieu of food stamps to its SSI recipients and, therefore, whether SSI recipients in that State may receive food stamps. Effective July 1, 1981, at the State's request the Secretary will find that the State is cashing out food stamps for SSI recipients by including the value of food stamps in its State supplementary payment levels if the State had cash-out status in December 1980 and continues without interruption to pass through cost-of-living increases in Federal SSI benefits to persons receiving State supplementary payments. Thus, the law permits California, Massachusetts, and Wisconsin, the only States that had cash-out status in December 1980, to continue to provide cash in place of food stamps for their SSI recipients, so long as they meet the pass-through requirements.

- Funding of Rehabilitation Services for SSI Recipients. Similar in effect to the reimbursement conditions provided for VR to Social Security disability beneficiaries except that the cost of VR services provided by the States to blind or disabled SSI recipients will be reimbursed from general revenues. SSA is still required to refer blind or disabled SSI recipients age 16 or older for VR services, and blind and disabled SSI recipients will continue to be required to accept VR services as a condition of SSI eligibility.

- Health Services for SSI Children. Retains the mandatory referral of disabled or blind children under the age of 16 for medical, educational and social services but deletes the funding authority to provide reimbursement to States that provide such services to SSI recipients who are under age 16.

- Monthly Retrospective Accounting. Changes the method of computing the SSI benefit to one under which the benefit amount is computed on a monthly basis and is based on income, living arrangements and other conditions in the previous (or second previous) month. Eligibility, however, will be determined based on the current month's circumstances, and both eligibility and the amount of the benefit will be determined based on the current month's circumstances for those applying for the first time and for those for whom benefits are being reinstated following a period of ineligibility.

  The provision also gives the Secretary authority to waive the restrictions on eligibility for people in certain public institutions or the $25 limit on the payment amount applicable for people in Medicaid certified facilities if waiving such restrictions will facilitate the individual's release from the institution. This will permit the Secretary to pay benefits, in the month an individual leaves an institution, in an amount appropriate to his or her new living arrangement.

AFDC PROVISIONS

- Earned Income Disregards. Standardizes the work expense disregard, caps the child care disregard, and changes the order of application of the earned income disregards. Also limits the application of the "$30 and one-third of the remainder" disregard to the first 4 consecutive months in which a recipient has earnings in excess of the other disregards; thereafter, this disregard cannot be applied to earnings while the family continues to receive AFDC or again applied to reapplicants unless AFDC had been terminated for 12 consecutive months.

  The new formula for AFDC earned income disregards requires States to deduct:

  - for applicants and recipients
    - the first $75 of monthly earnings for full-time employment;
    - up to $160 for the cost of care for each child or incapacitated individual per month; and
  - for recipients (or recipients in one of the prior 4 months who had not received this disregard during the prior eligibility period.)
    - $30 and one-third of any remainder.

- Determination of Income and Resources. Sets a limit of $1,000 (or less, at State option) equity value on non-excluded family resources and specifies that only the home and one automobile may be excluded. The Secretary will determine the maximum value of the automobile exclusion and a family member's equity in a resource will be used for valuation.

  Also permits States to count as income the value of food stamp coupons and housing subsidies to the extent that these duplicate the food and housing components of the State's AFDC payment standard.

- Gross Income Limit. Provides a gross income limit of 150 percent of the State standard of need.

- Income in Excess of the Need Standard. Requires States to distribute lump-sum income exceeding the State's need standard into the months following the month of receipt.

- Treatment of Earned Income Advance Amount. Requires States, in determining a household's eligibility for and amount of AFDC benefits, to include as earned income the advance amount of the Earned Income Tax Credit (EITC) that an individual is eligible to receive, regardless of whether or not he or she has applied for the advance payment.

- Income of Stepparents Living with Dependent Children. Requires States (which do not have a State law requiring stepparents to have the same obligations as natural parents) to count stepparents' incomes to the extent they exceed: $75 of earned income (or lesser amount for part-time work); the States' standard of need for the stepparent and his dependents living in the same household (but not in the assistance unit) as claimed on his Federal personal income taxes; amounts paid by the stepparent to individuals not living in the household and claimed by him as dependents; and payments of alimony and child support.

- Community Work Experience Programs (CWEP). Allows States to operate CWEP's. Mandatory Work Incentive (WIN) program registrants (and, at State option, parents of children age 3-5 if child care is available) can be required to work in these programs. The maximum number of hours of work that can be required is determined by dividing the AFDC benefit by the Federal or State minimum wage, whichever is greater.

  CWEP's must provide:

  1. appropriate health and safety standards;
  2. that the State not displace those currently employed or fill established vacancies;
  3. reasonable conditions of work;
  4. reasonable travel distance; and
  5. that the State will pay work-related expenses up to a maximum set by the Secretary.

  Coordination with WIN is required. Federal matching funds are not available for materials, equipment, or supervision of work.

- Providing Jobs as an Alternative to AFDC. Allows States to use Federal AFDC funds to provide or subsidize jobs with public or nonprofit entities or day care providers as an alternative to AFDC and to vary the need standards for groups of individuals to encourage acceptance of jobs. Also allows Medicaid coverage to be continued for family units with participants in subsidized jobs. States will receive Federal funds for work supplementation on the basis of what would have been payable under their State plan as in effect in May 1981 (adjusted for modifications required by Federal law).

- Work Incentive Demonstration Program. Provides for a 3-year demonstration program which allows any State to develop its own work incentive program in lieu of the Federal WIN program, using WIN funds and any other Federal funds available for work programs for AFDC recipients.

- Effect of Participation in a Strike on Eligibility. Provides that no aid be paid to a family in which a caretaker relative is engaged in a strike, and no other individual may have his needs included in an AFDC grant if he is participating in a strike. This provision also requires States to specify that participation in a strike will not be considered good cause for failing to register for any AFDC work or training program, or for leaving or refusing to seek or accept employment.

- Age Limit of Dependent Child. Continues to require payments of AFDC benefits to children under age 18 and allows, at State option, payments to 18-year-old, full-time students who are expected to complete their secondary education (or equivalent level of vocational or technical training) before age 19. Payments to all other students are eliminated.

- Limitation on AFDC to Pregnant Women. Gives States the option of providing benefits to a pregnant woman when it has been medically verified that the child is expected to be born within the following 3 months and the woman would be eligible to receive AFDC if the child were born and living with her. In addition, States will be permitted to provide Medicaid coverage to any woman whose pregnancy has been medically verified and who would be eligible for AFDC (based on a one-person assistance unit) if the child had been born and living with her.

- Aid to Families with Dependent Children by Reason of the Unemployment of a Parent. Changes the Aid to Families with Dependent Children of Unemployed Fathers (AFDC-UF) program to Aid to Families with Dependent Children of Unemployed Parents (AFDC-UP) program and makes conforming changes. A family is eligible for AFDC-UP if the principal earner is unemployed. The principal earner is the parent, in a home in which both parents are living, who earned the most in the 24-month period preceding application for AFDC.

- Work Requirements for AFDC Recipients. Requires children age 16 and 17, including college students, to meet the work requirements unless attending full-time an elementary, secondary or vocational school. Further, the parent or relative of a child under age 6 is required to meet the work requirements unless personally providing care for the child with only brief and infrequent absences from the child.

- Retrospective Budgeting and Monthly Reporting. Requires States to use retrospective budgeting and monthly reporting. First, in determining eligibility for a month, States must use the income, composition, and other relevant circumstances of a family as they exist during such month and then, if eligibility exists, determine the payment for a month, by using the income and other relevant circumstances as they existed in the preceding month (or, at State option, with Secretarial approval, the second prior month). However, for payment for the first month (or the first and second months, at State option with Secretarial approval) in a period of consecutive eligibility, the State must use the income and other circumstances in that month(s).

  Also requires that the State require recipients, as a condition of continuing eligibility, to report monthly the information needed by the State to determine eligibility and payment amount. However, when monthly reporting for certain categories of recipients would create an unwarranted administrative expense, a State may, with prior Secretarial approval, require reports less frequently.

  Federal matching will not be provided for any payments States make to a family if the Secretary determines that the payment was not made in accordance with retrospective budgeting procedures.

- Prohibition on Payments of Less Than $10. Prohibits States from paying AFDC benefits when the family is eligible for a monthly payment of less than $10. Persons denied assistance because of this prohibition, however, will be deemed to be AFDC recipients for purposes of eligibility under all AFDC-related programs except Community Work Experience Programs .

- Removal of Limit on Restricted Payments. Removes the limit on the portion of the caseload for which restricted payments can be made. A restricted payment may be made either when the State determines that a caretaker relative has mismanaged funds or when a recipient voluntarily requests payment in this form.

- Adjustment for Incorrect Payments. Requires States to take prompt action to correct all overpayments and underpayments.

- Reduced Federal Match of Training Costs. Reduces the Federal match for training from 75 to 50 percent.

- Attribution of Sponsor's Income and Resources to Aliens. Makes the sponsor of an alien liable for the alien's support for a period of 3 years after entry. The income and resources of a sponsor and his spouse, except for specific amounts allowed to meet their own needs and those of any dependents, are considered to be the income and resources of the alien.

- Eligibility of Aliens. Places the current regulations denying AFDC to illegal aliens into the statute and brings AFDC into conformity with SSI and similar programs by limiting eligibility to United States citizens, lawfully admitted aliens and certain refugees.

CSE PROVISIONS

- Collection of Past Due Child and Spousal Support from Federal Tax Refunds. Changes the IRS procedures that were authorized under prior law and amplifies existing authority. Upon receiving notice from a State child support agency that an individual owes past due support which has been assigned to the State as a condition of AFDC eligibility, the Secretary of Treasury is required to withhold from any tax refunds due that individual an amount equal to any past due support. The withheld amount is sent to the State agency, together with notice of the taxpayer's current address. States are required to reimburse the Federal Government for the cost of the procedure. "Past due support" is defined as the amount of a delinquency, determined under court order or an order of an administrative process established under State law, for support and maintenance of a child or of a child and the parent with whom the child is living.

- Collection of Support for Certain Adults (applicable only to AFDC cases). Permits States' child support agencies to collect support for a child's parent (with whom the child is living) as well as for the child himself, but only if a support obligation has been established with respect to such parent. This provision also extends use of IRS collection procedures for spousal support and for obligations established by administrative process under State law.

- Cost of Collection and Other Services for Non-AFDC Families. Requires States to retain a fee equal to 10 percent of the support owed in accordance with State law. This 10-percent fee is charged against the absent parent; however, no amount collected may be considered a fee unless the current month support obligation has been satisfied. Any fees collected will be used to reduce the administrative costs for which the State claims Federal matching.

- Child Support Obligations Not Discharged by Bankruptcy. Reenacts section 456(b) of the Social Security Act, a provision that provides that a child support obligation assigned to a State as a condition of AFDC eligibility is not dischargeable in bankruptcy.

- Child Support Intercept of Unemployment Benefits. Requires Child Support Enforcement agencies to determine on a periodic basis whether any individuals receiving Unemployment Compensation or trade adjustment assistance benefits owe child support obligations. The State Employment Security agency is required to pay to the child support agency outstanding child support obligations owed by an individual receiving unemployment benefits, through an agreement with the individual or through the legal processes of the State.

LIHEAP PROVISIONS

- Appropriations and Allocation of Funds. Repeals the "Home Energy Assistance Act of 1980" effective October 1, 1981, and replaces it with the "Low-Income Home Energy Assistance Act of 1981." Authorizes $1.875 billion for each of the next 3 fiscal years (FY 1982, 1983 and 1984). Between 0.1 percent and 0.5 percent of these funds must be used for energy assistance in the Territories and the remainder is to be allocated to States and the District of Columbia. Each State receives the same proportion of Federal funds appropriated under this Act as it received during FY 81 in connection with the repealed Act. No State match is required. Indian tribal organizations may receive a pro rata share of a State's allocation by submitting an appropriate plan directly to the Secretary.

- State Requirements. Although LIHEAP is authorized as a block grant, States must submit an annual application for funds under this program, and that application must contain assurances that all requirements in the Act will be met. Specifically, States may serve only beneficiaries of certain Government programs and other low-income households. They must initiate an outreach program and, by the second year, conduct public hearings. They must also maintain adequate controls and undertake periodic audits, provide fair hearings and not discriminate.

- Use of Funds. States are permitted to use up to 10 percent of their allocations for administrative costs with any additional administrative costs being met by States. They may use no more than 15 percent of these funds for weatherization and they must reserve a reasonable amount for weather-related and/or supply-shortage emergencies.

  States may direct up to 10 percent of their allocations to certain other federally assisted programs (i.e., community or social services) and carry over into the following fiscal year up to 25 percent of these funds. Benefits under this program may be paid to eligible households or to energy suppliers.

Public Law 97-86 (S. 815), Department of Defense Authorization Act--Signed on December 1, 1981

Title IX of the Act contains provisions to require draft registrants, at the time of registration, to furnish to Selective Service his Social Security number and other prescribed identifying information and permit the President to require the Secretary of HHS to furnish to Selective Service the name, date of birth, Social Security number and address of any individual required to register for the draft.

P.L. 97-98 (S. 884), Agriculture and Food Act of 1981—Signed on December 22, 1981

Title XIII, Food Stamp and Commodity Distribution Amendments of 1981, contains amendments designed to eliminate waste, fraud, and abuse in the food stamp program. Includes Social Security-related amendments to:

- Require State agencies to use Social Security and State unemployment wage and benefit information for purposes of determining food stamp eligibility. (The use of SSA information would not be required if the information is already available to the administering State agency.)

- Require a participating food stamp household to provide a Social Security number at time of application.

- Authorize pilot projects in which SSI, AFDC, and Medicaid recipients who qualify for food stamps can file one application for benefits under the aforementioned programs.

- Make SSI and AFDC households eligible to participate in the food stamp "cash out" pilot projects which provide cash instead of stamps and continues the pilot program (scheduled to expire October 1, 1981) through October 1, 1985.

P.L. 97-123 (H.R. 4331), Restoration of the Social Security Minimum Benefit and Other Changes—Signed on December 29, 1981

- Restores the minimum benefit for current beneficiaries. Eliminates the benefit for new beneficiaries—people who reach age 62, die, or become disabled after 1981. Entitlement to the minimum benefit would be retained for those eligible after October 1981 and before November 1991 who are members of a religious order under a vow-of-poverty which elected to be covered under Social Security before December 29, 1981.

- Permits interfund borrowing among the OASI, DI, and HI Trust Funds through December 31, 1982, with a provision for repayment with interest.

- Extends the Social Security payroll tax to the first 6 months of sick pay including payments by insurance companies and under State temporary disability insurance laws, and the Railroad Temporary Disability Insurance program. Any portion of such sickness benefits paid for by employee contributions would not be covered.

- Increase maximum penalties for the misuse of Social Security numbers.

- Requires that the Secretary of HHS report within 90 days (by March 29, 1982) on the most effective system for improving SSA's current "report of death" procedures.

- Requires that there be at least seven demonstration projects involving the use of AFDC recipients as home health aides, as authorized under the 1980 Omnibus Reconciliation Act.

- Requires agencies of the U.S. Government or any State to disclose information necessary to carry out the provisions relating to the prohibition of payments to prisoners.

P.L. 97-127 (S. 1946) Czechoslovakian Claims Settlement Act of 1981--Signed on December 29, 1981

Contains a Social Security-related provision to require the Secretary of State to conduct a review of the exchange of diplomatic notes between Czechoslovakia and the United States which provide the basis for the payment of U.S. Social Security benefits to Czechoslovakian citizens outside the U.S.

PENDING LEGISLATION

H.R. 1635, For the Relief of Jefferson County Mental Hospital--Awaiting Senate Action

On October 6, 1981, the House passed H.R. 1635, which directs the Secretary of the Treasury to pay to the Jefferson County Mental Health Center (Colorado) $50,000 in full settlement of all claims of the Center against the United States for repayment of amounts equivalent to Social Security taxes which the Center refunded to its employees upon erroneous advice of the Internal Revenue Service. The bill would not remove the earnings credited under Social Security for the Center's employees.

H.R.2811, Debt Collection Act of 1981--Awaiting Senate Action

On May 18, 1981, the House passed H.R. 2811, a bill designed to increase the efficiency of Government-wide efforts to collect monies owed to the Federal Government. The bill would contain:

- Require the Office of Management and Budget (OMB) to establish regulations for reporting on debts owed the Federal Government and provide additional procedures for the collections of those debts.
- Permit Government agencies to notify credit bureaus about individuals who owe money to the Federal Government.
- Require an annual reporting by Federal agencies to OMB on their debt collection activities.

The Administration's debt management proposals are contained in H.R. 4613 and S. 1249--see p. 13.

H.R. 3207, Social Security Amendments of 1981--Pending in the Committee on Ways and Means, Subcommittee on Social Security (Pickle)

On April 9, 1981, Representative Pickle introduced his proposal for Social Security financing. The Subcommittee considered the bill but did not conclude action. The bill:

- Reallocates about one-half of the Hospital Insurance taxes to the OASDI Trust Funds and provides partial general revenue financing of the Hospital Insurance program.
- Permits interfund borrowing among the OASI, DI, and HI Trust Funds as needed, until the close of fiscal year 1990 with a provision for repayment with interest (temporary provision enacted in P.L. 97-123).
- Phases out post-secondary students benefits (enacted in P.L. 97-35).

- Terminates mothers' and fathers' benefits when the youngest child reaches age 16 (enacted in P.L. 97-35).
- Eliminates the Social Security minimum benefit for individuals who first become eligible after December 1981. (Enacted in P.L. 97-123, except that members of a religious order under a vow-of-poverty which elected to be covered under Social Security before December 29, 1981 are exempt.)
- Rounds benefits to the next lower dime at each intermediate step and to the lower dollar at the final step (similar provision enacted in P.L. 97-35).
- Authorizes the Secretary to charge requestors the full cost of furnishing detailed earnings information to enable an employee's benefit plan to comply with the provisions of the Employees Retirement Income Security Act or for other purposes not directly related to the administration of the program under the Social Security Act (enacted in P.L. 97-35).
- Beginning 1982, makes Social Security automatic benefit increases effective for September (payable in October rather than July); also provides transition through an ad hoc partial increase in benefits April 1982.
- Provides for limited earnings sharing at divorce for spouses divorced after age 50 after a marriage of at least 25 years' duration.
- Indexes earnings for aged survivors up through the year the deceased worker would have reached age 60, or through the year the survivor reaches age 58, whichever is earlier.
- Lowers the age at which the retirement test no longer applies to 71 in 1982 instead of 70, as provided in the Social Security Amendments of 1977; eliminates the retirement test for persons 68 and older, beginning in calendar year 1983; and repeals the delayed retirement credit. (Modified version of the first item enacted in P.L. 97-35.)
- Provides for a disability "Megacap" under which Social Security disability benefits will be reduced to take account of disability payments under certain Federal, State, and local public programs. (Enacted in P.L. 97-35.)
- Eliminates most Disability Insurance Trust Fund remimbursements for vocational rehabilitation. (Enacted in P.L. 97-35.)
- Provides for a 35-percent review of Administrative Law Judge reversals in Social Security determination cases and requires that HHS regulations, Social Security Rulings and the manual governing State agencies' adjudication of cases (POMS) would all apply to disability determinations.
- Provides for an explicit statement in the Social Security law concerning SSA's policy on the evaluation and effect of subjective testimony as to pain and similar symptoms.
- Raises the substantial gainful activity dollar amount to the level of the earnings test exempt amount for persons under age 65 and thereafter makes the amounts subject to the Social Security automatic adjustments provisions. Also increases the trial work dollar amount.

- Authorizes trust fund monies for the cost of courses established in medical school which provide instruction in the evaluation of medical impairments.
- Eliminates the "windfall" portion of Social Security benefits received by persons who also have staff pension benefits from employment by the Federal, State and local governments, and nonprofit organizations not covered by the Social Security system.
- Prohibits termination of Social Security coverage by State and local government and nonprofit organizations.
- Extends from December 1982 to November 1987, the spouses offset provision of the Social Security Amendments of 1977, relating to the period in which certain individuals who receive pensions from noncovered public employment would avoid having their dependent's or survivor's Social Security benefit reduced.
- Requires State and local governments to deposit Social Security taxes due on the same basis as required for private employers.

H.R. 3457 and S. 1292 Companion Bills Containing the Social Security OASDI Legislative Proposals—Administration bills; Several Provisions Enacted in P.L. 97-35

On May 6 and June 1 repectively Representatives Archer and Conable (H.R. 3457) and Senator Dole (S. 1292) introduced the Administration's Social Security OASDI legislative proposal. Many of the provisions, which were submitted to the Congress in February and March were included in H.R. 3207 (previously described and were enacted in P.L. 97-35):

- Eliminates the "regular" minimum Social Security benefit, effective in August, for current and future beneficiaries. (Enacted in P.L. 97-35 and modified in P.L. 97-123)
- Eliminates payments to students aged 18-21 pursuing higher education, effective for August, with a 3-year phaseout for current postsecondary student beneficiaries, and eliminates benefits for students in elementary or secondary school upon attainment of age 19, effective for August 1982. (Enacted P.L. 97-35)
- Establishes a "Megacap" for disability benefits. This would be an extension of the workers' compensation offset to apply to various types of other public disability benefits. (Enacted in P.L. 97-35)
- Ties eligibility for disability benefits more closely to recent work under OASDI by reinstituting the "currently insured" test—6 quarters of coverage in the 13-calendar-quarter period ending with the quarter of disability.
- Eliminates the use of trust-fund moneys to pay for vocational rehabilitation services for disabled beneficiaries (Similar provision enacted in P.L. 97-35)
- Rounds benefits to the nearest multiple of ten cents, rather than the next higher dime. (Similar provision enacted in P.L. 97-35)

- Provides for reimbursement to the trust funds incurred in providing earnings information required to enable an employee benefit plan to comply with the Employee Retirement Income Security Act (ERISA). (Enacted in P.L. 97-35)

- Allows retroactive payment of widow's or widower's benefits for 1 month (but not before the month of death of the worker)—an exception to the general bar to payment of retroactive reduced benefits.

- Continues the benefits of a disabled widow or widower who marries a retired or disabled worker.

- Modifies the penalties for failure to make a timely report of excess earnings.

- Corrects a technical error in the maximum-family-benefit provisons to avoid possible benefit reductions when earnings rise more slowly than the Consumer Price Index (CPI).

H.R. 4613 and S. 1249, Administration's Bills: Debt Collection Act of 1981--Awaiting Further House and Senate Action

On October 15, the Committee on Ways and Means held a hearing on H.R. 4613, which contains those provisions of the Administration's debt management proposals relating to SSA. The bill would:

- Require applicants for credit from an agency or Department of the Federal Government, to furnish a Social Security number which could be used to verify identity.

- Permit IRS to provide to other Federal agencies tax return information for an indebted taxpayer.

- Permit redisclosure of certain tax return information to private collection and consumer reporting agencies for use in preparing individual credit reports. Stipulates that such information would be destroyed or returned after use by the borrowing agency.

S. 1249 was favorably reported on July 17 by the Senate Committee on Governmental Affairs and on December 3 by the Committee on Finance. The Social Security-related disclosure provisions are identical to the provisions in H.R. 4613.

H.R. 4961, Miscellaneous Revenue Act of 1981—Awaiting Further Senate Action

On December 15, 1981, the House passed the bill with the following amendments of interest to SSA:

- A technical amendment to the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) which would recredit to the SSI appropriation checks which include a Federal SSI payment and which remain unnegotiated for more than 6 months after the date of issue. The amendment broadens the original provision to include checks that contain only State supplementary benefits in order to achieve fully the provision's principal objective of returning to the States their share of funds obligated by unnegotiated SSI checks.

- Amends P.L. 97-35 to substitute prospective monthly accounting for retrospective monthly accounting. The amendment is designed to (1) eliminate an unintended windfall for recipients who, under the present provision, could receive cost-of-living increases in Social Security and other kinds of benefits that would not be reflected in SSI checks for up to 2 months after receipt; and (2) simplify program administration.

What is counseling?

Counseling, simply stated, is the art of helping people. Professional counselors are individuals trained to share knowledge and skills with those who need help. Counseling recognizes that all persons need help as they routinely pass through childhood, adolescence, and adulthood. Effective counseling is preventive. Counselors help persons with their personal, social, career, and educational development. Counselors serve people through schools, colleges, community agencies, and private practice.

Where do counselors work?

Counselors can be found in these educational and social service settings:

Schools
Colleges and universities
Mental health agencies
Rehabilitation agencies
Correctional facilities
Public employment agencies
Private practice
Community agencies
Business and industry

What do counselors do?

Professional counselors help all people with their personal, social, career, and educational needs. The typical human concerns that counselors deal with include:

Personal and social development/problems
Career and educational guidance
Mental health/mental hygiene
Physical and vocational rehabilitation
Unemployment and underemployment
Reentry (school and work)
Substance abuse (drugs and alcohol)
Family and marriage concerns
Parenting
Aging
Child abuse

How many counselors are there?

It is estimated that between 100,000 and 125,000 professional counselors work in America. The majority of these persons are employed in educational settings but recent trends suggest a significant growth of counselors in mental health, community agency, and private practice areas.

What kind of training does the typical counselor have?

Counselors prepare for their roles by studying in a master's degree program at an accredited college or university. While most of these programs are affiliated with schools of education, counselors have had extensive study in related schools of psychology, sociology, mental health, and human resource development.

In addition to their classroom studies, counselors have a practicum or internship experience, a structured opportunity for the student counselor to practice his/her skills and competencies under the careful supervision of an experienced professional counselor. Practicing counselors enrich their professional skills in participating in in-service and professional development programs.

What group represents counselors?

Since its founding in 1952, the American Personnel and Guidance Association has been the professional organization representing counselors in America and the world. APGA is the parent organization for 13 divisions, four regional assemblies and 54 state branches (50 states, District of Columbia, Europe, Puerto Rico, and Latin America). APGA, through these composite parts, addresses the interests of counselors in every work setting, and provides an opportunity for members to become involved at the regional, state, and local level.

Chairman **Pickle**. I want to ask each one of you based on these recommendations of Dr. McDonough, if you agree with those approaches, or if you have any variance with him, you let us know.

Mr. Kruse.

STATEMENT OF RICHARD A. KRUSE, DIRECTOR, GOVERNMENT RELATIONS, NATIONAL ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS

Mr. **Kruse**. I appreciate having an opportunity to come before you today. I am Richard Kruse, director of government relations with the National Association of Secondary School Principals which represents some 75,000 secondary school administrators across the Nation.

I am not here to discuss the merits or demerits of the social security benefits today. I will restrict my comments today to the May 1 deadline for eligiblity of this program and to its effects on the Nation's high schools and their students.

The May 1 deadline coming 1 or 2 months before the current school year ends, we believe, incites senior students to go ahead and drop out of school and rush to enroll in college, if it is possible, thus foregoing in some cases high school diplomas, and some will wind up picking up their GED perhaps in the summer. That is a most inappropriate role for the Federal Government to be inciting our students to drop out of school, to go ahead and get the opportunity to go to college.

Second, the deadline places principals and advisers in the dubious position of advising their students to drop out of school and become eligible for financial aid or to go ahead and complete their high school career and sacrifice thousands of dollars in financial aid.

Most principals would probably wind up advising their students to drop out of school and this would in fact wind up resulting in a further devaluing of our high school diploma.

Third, it is unconscionable in our minds, unfair and certainly inequitable to make such change in the law which completely alters the financial plans and expectations of high school students without adequate notice.

I would remind the chairman, and you are fully aware of this, I know, reports are just now beginning to come in and there may be a floodgate of great criticism of this deadline at a time when students are finishing up their high school careers.

I have talked with some principals down in South Carolina and other places across the country, and for instance, the gentleman from South Carolina was indicating that only several weeks ago six of his students came on in and had a joint meeting with the principal asking what they should do, asking him in fact what he advised, whether they should drop out of school and rush to go ahead and enroll in a community junior college, or whether they should stick around and finish their diploma.

The principal was in a very difficult position, and he wound up advising the kids to drop out of school and work to get their GED later on. He indicated to me he was quite concerned because a couple of those students wound up being quite marginal and was not sure whether in fact they would complete their college education and was concerned that they may drop out of school, not getting their GED, or the college degree and ending up in a difficult employment situation.

I would suggest that our association feels quite strongly that Congress move to rectify the flaw that the reconciliation act as it is has manifested.

We would call for extending the eligibility for this program to some time perhaps in the summer or perhaps best to September 30 of 1982. We certainly commend you, Mr. Chairman, for taking this issue up, because certainly it is going to be affecting the lives of many students in the future, and I thank you.

[A communication follows:]

TEXT OF LETTER FROM SCOTT D. THOMSON, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS

The National Association of Secondary School Principals (NASSP) is deeply concerned about recent revisions in the Social Security Act coming from the Omnibus Reconciliation Act of 1981 (P.L. 97-35). We believe these revisions warrant your immediate attention and correction. Specifically, as Congress acted to phase out Social Security benefits for postsecondary education, it established an abrupt eligibility deadline (May 1, 1982) which is proving to be disruptive to the nation's high schools.

The school year for high school students normally is not completed until June. The May 1st deadline therefore disrupts the educational program for many seniors in the class of 1982 for the following reasons:

(1) To qualify for Social Security educational benefits, high school students are dropping out of high school now and enrolling in a community junior or senior college to beat the May 1 deadline. Therefore, they must either forgo a regular diploma, or work out some other accommodation with their school.

(2) The May 1st deadline places high school principals and advisers in the dubious position of either advising students to finish high school and sacrifice the possibility of thousands of dollars of financial assistance for college, or to drop out of school and interrupt their education prior to normal graduation. Most principals could not advise students to forgo the financial aid. The result is to further devalue the very high school diploma which educators have been trying to strengthen in recent years.

(3) Whatever the merits of revising Social Security benefits for postsecondary education, making such changes in a way that completely alters the financial plans and expectations of high school students in the middle of their senior year, and without adequate notice, is unfair and inequitable.

The high school principals of this nation urgently request Congress to rectify this flaw in the Social Security Act by extending the eligibility deadline so that it will not interfere with the educational careers of the current senior class. This goal would be best accomplished by postponement of the eligibility deadline to September 30 to ensure that students finishing their senior year of high school in June will have adequate time to enroll in the college or university of their choice.

The NASSP urges a most serious consideration of this request to extend the May 1 deadline. Thank you for your interest in this matter.

Chairman **PICKLE**. I thank you, Mr. Kruse, and I appreciate your three points, and I recognize it does put a principal in a very difficult position. Do you stay there or get out and get enrolled in college?

I don't know what I would do if I were in your shoes. It is a problem, and whether we change it, though, is another question.

I want to ask you, I am asking you as a group to submit this, you don't have to tell me now, but I want you to give it to the committee as soon as you can. I want to know what, if any, official notice did your organization or your members receive from the Social Security Administration on the student benefit program. I want to know what notice, publication, by letter or pamphlet, did you get from SSA about these things and also about the suggested way of handling it—the dates and the times and the type of information.

Second, I want to know whether, when you or your organization sought information from the SSA, did you get it, and did you get it quickly, and was it accurate information.

Third, I would like to know if the information they sent you, the letters they sent you, were the kind of forms that were needed and would be appropriate for students, high school and university students.

I also want to know, in your own estimate, how many students will probably be cut off from education, drop out of school, or will not be able to go forward because of programs.

I would like for you to tell me, particularly the college section people, what would be the overall effect on college enrollments of the double cutback in student benefits and the other aid programs.

Mr. Davis, more specifically, you represent the junior and community college group: Could you give me your figures how much enrollment is up, due to seniors registering early for college?

Do you have an estimate? Are they trying to bring students to you faster? Is that happening?

Mr. **Davis**. Certainly it is happening. In the Chronicle and other newspapers, we have been hearing of other community colleges actually delaying their register deadline to get students in. I don't have those numbers, but I am sure the association could provide those to you somewhat quickly.

Locally in the Maryland area, I would estimate just roughly that we are talking about no fewer than 400 to 500 students.

Chairman **Pickle**. From what group and is that nationwide?

Mr. **Davis**. Statewide.

Chairman **Pickle**. For Maryland?

Mr. **Davis**. State of Maryland.

Chairman **Pickle**. Well, I think each of you could probably make some commentary on that, because each one of your schools is going to be affected.

We are trying to find out how many of the students in high school are dropping out now, trying to get enrolled, give up high school, go back and get their GED later, some way get their diploma and how many are actually getting enrolled.

This is information we need from you, and in answer to the question Mr. McDonough submitted by followup, followthrough by giving us that information. We would like to have that for the record.

[The following letter was subsequently received:]

THE NATIONAL ASSOCIATION OF
SECONDARY SCHOOL PRINCIPALS,
Reston, Va., February 16, 1982.

Hon. J. J. Pickle,
Chairman, Subcommittee on Social Security, House Ways and Means Committee, Washington, D.C.

Dear Chairman Pickle: On behalf of the National Association of Secondary School Principals, I want to again thank you for affording us the opportunity to share our concerns about the Social Security Act and its implications for disrupting the current high school year. Your concern about this issue, and your leadership in seeking hearings on it is very much appreciated and commended.

Regarding the follow-up questions that you asked each of the panel members to respond to, let me address them in the order they were given.

First, since the enactment of the Omnibus Reconciliation Act of 1981 our organization, which represents some 35,000 secondary school administrators across the land, received no notice at all about the changes or implications of those changes, which will surely affect perhaps more than 200,000 of our students.

Secondly, we have not had any information from the Social Security Administration, although we have recently received a publication dated August 1981, which alludes to the May 1st deadline. However, it glosses over the deadline issue.

Regarding the numbers of students who might drop out of school to become eligible for these benefits, we feel it could become as great as 200,000. With the significant cuts in Pell grants, guaranteed student loans, and other financial aid programs, and the apparent unwillingness on the part of the administration to maintain these programs, we feel that students will have no alternative to dropping out of school and achieving eligibility by May 1. 200,000 students might well be a conservative estimate.

We thank you for your leadership on this most important issue affecting the lives of so many high school seniors, and offer you support to change this disruptive deadline as quickly as possible.

Sincerely yours,

RICHARD A. KRUSE,
Assistant Director,
Government Relations.

Chairman PICKLE. The Chair would like to recognize Mr. Jacobs if he has any questions of the panel.

Mr. JACOBS. Along with the other members of the subcommittee, I am grateful for your contribution as I am to the other witnesses today.

I wonder if the panel would care to respond to the general position in past administrations and the current administration as described here today about the lack of needs test and the lack of scholarship requirement in the program.

I am sure you must have some comment to make about that. It would be good to have it on the record.

Mr. MARTIN. I would be happy to respond.

In the past there was some just criticism of the program because these few students perhaps had the financial means to pay for the college education, and there is always the question why are we providing them with public funds.

However, GAO reviewed the Social Security Administration program and showed overwhelmingly that a disproportionate number of these people receiving educational social security benefits are people from lower income families from our society.

The gentleman just quoted on the record earlier, and I have absolute statistics in my testimony, of what the income breakdowns are of those recipients and how many are blue collar workers. It is on the GAO report to show that those students are highly motivated, not unlike students who participated on the GI bill.

It has been suggested now in the education programs to count those benefits as a resource so there won't be any double dipping. That would have been the way to take care of it rather than eliminating all of these students. But unfortunately, we have cut these benefits and told students they will have to be served out of the other programs. But, with the cutbacks in the other programs as well, we will find that many of these people who have been expecting this aid for a number of years are being denied.

Mr. JACOBS. That is not really the nub of my question. I share that view, that there should be ample accommodation of those who, in fact, have relied on the program within some reasonable period of time.

How say you to the argument that if none of it went to a well-financed student—that is to say, trust funds or whatever, private resources—but only went to relatively low income working family children, that the fellow who is still on the job and paying for the college education through his payroll tax or the woman through her payroll tax is providing an education for the child of the deceased or disabled person that he or she, the taxpayer, cannot provide for his or her own child?

I am sure you heard the argument. I just wonder if you would say a word on the record about that.

Mr. MARTIN. I think those are priorities in terms of public policy decisions. Obviously they have to be decided by the Congress. But we have always had at the root of this a mechanism in this country of trying to help those who are less fortunate, but deserving.

There are a lot of problems like that. Whether it is done the way we have social security or some other system, I would hope we would keep that kind of effort to help people who are unfortunate, who have deceased parents, and who may not have the same resources.

Mr. JACOBS. If you had a Government that did not speak with a forked tongue, but, in fact, would make up for this program in more conventional scholarships and needs of Federal aid to students, could you quarrel too much with it?

Mr. MARTIN. Not at all.

Mr. JACOBS. Peace.

Thank you.

Chairman PICKLE. Do any of you witnesses care to make additional statements or comments at this time?

Mr. MALLAN. I don't think so.

Chairman PICKLE. I had one other observation. I am interested in knowing the overall effect of our educational system with respect to enrollment.

In my part of the country, my school officials indicate to me that enrollments at most levels of our schools, they are going to be reduced by some 15 to 20 percent due to these cuts in the social security benefits, the survior's benefits, and even higher if we cut additionally in the student loan.

Is that a low figure or a high figure? Let's say 20 percent. Do you think any enrollment is going to be affected in our colleges or universities now because of these changes that much? Do any of you care to make a comment on that?

Mr. DAVIS. What was your percentage again?

Chairman PICKLE. I said 20 percent. I don't know whether that is high or low or if you could venture a guess. Would it affect overall enrollment?

Mr. MARTIN. Mr. Chairman, there are a lot of factors, of course, that affect college enrollments. We are going into an era with a declining birth rate population that will have negative effects on enrollment. Certainly lack of resources to pay for college education is going to be a factor as well.

I would think that just the elimination, if we could isolate the effect of just the removal of the educational social security benefits as it is now proposed in the phaseout, would not have that dramatic an effect on the 20 percent you were talking about. It will have some effect—I don't think there is any doubt about that.

It is very difficult to equate what that figure might be. I think it is safe to say that if very high unemployment and a lot of inflation is eroding parent's ability to pay, and there are major reductions in the student financial aid programs of both public and private State sources of aid, and the social security benefits are eliminated we are going to see some very drastic effects on enrollments for this coming year.

Chairman **Pickle**. The combination, would it be as much as 15 to 20 percent?

Mr. **Martin**. If you add all of those together, it could even be higher.

Chairman **Pickle**. If any of you have different views or if you could make an estimate, we are trying to get some indication of what is ahead in this area. I am concerned that if we have cut off the benefits and then we cut off the loans and the grants, then the students will drop out of school. Students will be protesting, even rioting, possibly other acts of protest to show their disenchantment and their unhappiness.

Besides that, what we are doing, we are doing the most damaging blow to the society by deemphasizing education. So, it affects our society.

Any information or views you can give us we would appreciate. We have this legislation that will be before us. We would like to have your views on that.

I thank each of you for coming. I am sorry that we got involved in a rather lengthy questioning of SSA. This hearing has gone a little longer than we hoped. We do thank you and appreciate your testimony very much.

Mr. **Martin**. Thank you very much.

Chairman **Pickle**. The subcommittee will now be adjourned.

[Whereupon, at 12:51 p.m. the hearing was adjourned.]

[The following was submitted for the record:]

STATEMENT OF HON. PAUL S. SARBANES, A U.S. SENATOR FROM THE STATE OF MARYLAND

I want to commend the Ways and Means Committee for holding these hearings in order to assess the ramifications of the President's decision to phase out the Social Security student benefit program. At a time when almost all education assistance programs are being cut or terminated, it is imperative that we monitor the effects of these policy changes on our students and our nation's commitment to provide a quality education for all of our citizens.

As you know, the President included the phase-out and termination of the student benefit program as part of his economic recovery program that he announced on February 18, 1981. The administration's justification for the termination was that the other student assistance programs were more appropriate in providing financial help to college students. However, as we soon discovered, these programs were also being proposed for severe cuts in the President's budget for fiscal year 1982. I opposed the termination of the Social Security student benefit program as well as the other cuts in education programs when they were before the Senate last year and continue to think that the changes are unwise.

The President signed the Omnibus Reconciliation Budget Act of 1981, which contained the student benefit changes, into law on August 31, 1981. Although these changes were enacted into law over six months ago, parents, students and educators were not informed and are now shocked to find out that seniors in high school will not be eligible for benefits when they enroll in college in the fall. During my visits throughout Maryland in the last several weeks many constituents not only expressed the unfairness of the termination of the benefit, but also complained about the inadequate information that they have received from the Social Security Administration regarding this change. Families that have carefully and responsibly planned for their children's education have now discovered that with this basic commitment being taken away, a college education may not be possible.

The phase-out of the student benefit is causing disruption in education institutions and heartache in families. With this benefit being taken away, families and students are faced with the prospect of making life-determining decisions in a matter of a few months. It catches many totally unprepared and closes off opportunities. One result of this change and its implementation is that students are being pulled out of their last year of high school and enrolled in college early in order to meet the May 1st deadline. Even those college students who will still be eligible to receive student benefits will find their benefits greatly reduced because of a 25 percent yearly cut, not receiving a cost of living increase and losing four checks during the year.

Confusion and unfairness abound regarding the termination of this benefit. It is indeed unfortunate that a child who is dependent on the Social Security benefits from a deceased, disabled or retired parent should be treated in such a cavalier manner by this administration. Many students will not be able to adequately meet their college tuition in the next few months. A college education and how to finance it is something that a family plans over its lifetime and it cannot be altered in a matter of a couple of months. The prospect is that many of our students will lose the opportunity to receive an education—a prospect that will affect their entire lives and also the ability of our nation to ensure an educated citizenry.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., February 4, 1982.

Hon. J. J. PICKLE,
Chairman, House Social Security Subcommittee,
Washington, D.C.

DEAR MR. CHAIRMAN: Enclosed is self-explanatory correspondence from my constituent, Mr Virgil Mills, Director of Secondary Education, School Board of Manatee County, Florida, regarding student benefits.

I'd appreciate it if you would consider his concerns as you hold hearings on the student benefits provisions of the budget reconciliation bill. I'm looking forward to your response.

Best regards.

Sincerely,

ANDY IRELAND.

SCHOOL BOARD OF MANATEE COUNTY,
Bradenton, Fla., January 25, 1982.

Hon. ANDY IRELAND,
1124 Longworth House Office Building,
Washington, D.C.

DEAR SIR: Last week, I talked to your Legislative Assistant, Ms. Sandy Streeter, concerning the Omnibus Reconciliation Act which cut Social Security student benefits. Ms. Streeter asked me to state my concerns in a letter, thus, the reason for my writing.

Although I am not entirely against the plan of phasing out these student benefits over the next four years, it does concern me that many of the students who receive these benefits are not aware of this legislation. Many of the parents I spoke to were not aware of the legislation and one social security administrator I spoke to did not have any knowledge of the particulars of how it may effect our local students. It appears that no one in the social security system had calculated the effect it would have on students. Our school system received no word from our State Department of Education until the first week in January, 1982, which is the same week our local community college began classes. Had we known about it earlier, we could have served our students better.

I could go on and on with complaints about this obvious oversight (or was it?), but I will try in a few brief paragraphs to describe the effect this legislation had on a school system of 20,500 students and you can draw your own conclusion about the effect around the state of Florida.

Of our approximately 1,200 seniors, about 90-100 of them (as best we can determine) receive social security students benefits. When we read the conditions necessary to continue these benefits after the age of 18, namely: "be enrolled in and attending full-time a post-secondary school by May of 1982," we immediately worked cooperatively with our local Manatee Junior College and Monatee Area Vocational and Technical School (MAVTC) to enroll those who wished to go on to college or trade school following graduation from high school. It became necessary to have those seniors "drop-out" of high school during the second semester of their senior year in order to meet the conditions stated above. Fortunately, we were able to work out a dual-credit agreement with our two post-secondary institutions in order to allow those seniors to graduate in June with their class.

As of this date, we have approximately sixty (60) students enrolled at Manatee Junior College and about twenty (20) others enrolled at MAVTC. It disturbs me that at this most important time in a student's life he must leave his local school and be thrust into a situation that could (for some) mean certain failure (they entered class about two weeks late).

My main concern in writing this letter is to inquire as to why the date of May 1, 1982, was chosen to implement this legislation instead of August, 1982? I can only conclude that the date was chosen arbitrarily without a lot of thought as to the effect it would have on students or it was a calculated date that the social security administration used because they knew the effect would be a substantial savings for the social security system. In either case, I feel it was a bad choice and many students and parents will suffer as a result.

Would you please respond to this inquiry as soon as possible.

Sincerely,

VIRGIL MILLS,
Director, Secondary Education.

STATEMENT OF HON. RONALD M. MOTTL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

We are all aware of the immediate impact of the new eligibility requirements of the social security student benefit program. Many high school seniors across the country have begun frantically searching for ways to enroll in college before the May 1 deadline. And those are the lucky ones. As many as 150,000 college-bound high school seniors may be affected by the eligibility deadline this year. Only a small percentage of these students are even aware that their benefits have been eliminated. Time is of the essence if these students are to make alternative plans to continue their education. These affected families should have been notified immediately after enactment of the changes. It is regrettable that many students who have been able to take advantage of early enrollment learned of the benefit cutoff from their high school counselors and newspaper articles during the past few weeks. The Social Security Administration has not sent notification to these students, although it is supposedly forthcoming. I sincerely hope that, at the very least, the SSA gives immediately priority to this notification process to inform seniors of the situation.

Unfortunately, the problem doesn't clear itself up upon completion of the notification. News of the discontinuance of the student benefit program will literally devastate many families who had long been planning for and counting on this financial assistance to put their children through college. Now, the rug is being pulled out from under them. Let me remind you that these are children of widows, widowers, retirees, and disabled persons. Where do they turn?

Other forms of student aid which may have been able to assist those losing Social Security benefits have already suffered drastic cutbacks and will soon be facing the budget ax again. We have a situation where the pool of students eligible for these other financial aid programs is being increased while the funding for them is being reduced. The end result is that many potential college students will have to forego college altogether. In turn, our society suffers from the loss of their future contributions.

Several bills have already been introduced to extend the enrollment deadlines in order to give this year's high school senior class the opportunity to complete four years of college education with the aid of social security benefits. I fully support these bills but they do not go far enough. My legislation, H.R. 5193, would completely restore the social security student benefit program. The costs of reinstating the program are large, but certainly are not too high a price to pay to ensure the development of many young American minds and the future productivity of our country. I hope that the subcommittee and my other colleagues will support the bill. Thank you.

STATEMENT OF HON. HAROLD L. VOLKMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. Chairman, Members of the Subcommittee: I am grateful for the opportunity to testify today concerning social security student benefits and legislation I have introduced regarding this program. I especially wish to thank Chairman Pickle and the Members of the Subcommittee for their interest.

Last fall I became aware of the plight of several seniors in a high school in my district. Because of the elimination of student benefits by Public Law 97-35, over 10 percent of the senior class at Macon High School will not receive the financial help they had expected to attend college unless they drastically change their plans.

You will notice that I limit my remarks today to high school seniors. I do so because I recognize the unfortunate but practical fact that these benefits have been eliminated. We have sacrificed the education of countless students while at the same time we gave major oil producers huge tax breaks, and I realize that little can be done to alter this situation. Given this realization, my immediate attention is on the fair treatment of those involved.

High school seniors have received particularly unfair treatment in the elimination process. Last fall they made plans for attending college based on a reasonable expectation that they would receive aid in the form of student benefits. We are not talking about general expectations for some kind of help that many high school students have; rather we are talking about very concrete plans that were made, dollar figures that were calculated, all of which would take effect in less than a year's time. Suddenly, in late summer, these students were told that the help they relied on was no more. That sudden change is not fair treatment.

There is a second reason why the elimination process is unfair for seniors. The phase-out schedule for the student benefits has a peculiar requirement. Eligibility for the phase-out benefits requires that the recipient be enrolled in and attending college by May 1, 1982—this coming May. Those Macon High Students I mentioned earlier will graduate on May 21, too late to receive benefits. Some students around the country have found it necessary to drop out of high school early to enroll in colleges, while others are attending college and high school simultaneously, thereby securing their eligibility. This option is not available to most students, however, so the effects of the new law are unfair and needlessly harsh on those students who planned their senior schedules with normal spring graduation and fall enrollment dates.

My bill, H.R. 5176, sets the enrollment deadline back from May to October, 1982. This change would provide some relief from the unfair treatment accorded seniors. And by setting the date back to October rather than July, 1982, as some of my colleagues have suggested, we would allow these students to try to find jobs this summer to help pay for their own education.

H.R. 5176 also delays the phase-out schedule to allow this fall's college entrants to complete four years of education with the aid of social security benefits. Their benefits would be cut by 25% each of their last three years in college, so that in their senior year, when they have had time to find and obtain alternate aid, the students' benefits would be 25% of the original amount.

The estimates of the number of seniors affected by the new law vary, and I am sure this Subcommittee will hear from accurate sources in this regard. Whatever the number, H.R. 5176 has received enthusiastic support from more than 40 cosponsors and from various education organizations around the country. These organizations include the American Association of State Colleges and Universities, the Illinois State Board of Education, and the Colorado Department of Education.

Again, I thank the Subcommittee for holding hearings on this important topic and for the opportunity to testify. I will be happy to answer any questions you may have.

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